

The Nation's Business



Published by the CHAMBER of COMMERCE
RIGGS BUILDING

of THE UNITED STATES of AMERICA
WASHINGTON, D. C.



THE COURAGE OF IMAGINATION

This \$25,000,000 bridge spanning East River at Hell Gate, to be opened to traffic January 1st, not only has the longest arch but is also the heaviest bridge in the world. The span is 1016 feet; the upper chord of the arch is 300 feet above mean water; it contains 110,000 cubic yards of concrete in the towers alone—500,000 in all; and it has a carrying capacity of 76,000 pounds to the lineal foot. Yet the most remarkable fact is not here. The most remarkable fact is that the completed structure was erected in the mind of a man before a shovel struck earth or a rivet left the forge.

THE NATION'S BUSINESS

A MONTHLY MAGAZINE FOR BUSINESS MEN

*Published by the Chamber of Commerce of the United States of America,
Riggs Building, Washington, D. C.*

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WASHINGTON, SEPTEMBER, 1916

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THE NATION'S BUSINESS



VOLUME FOUR

A Magazine for Business Men

WASHINGTON, SEPTEMBER, 1916

NUMBER NINE



Training Its Men to Do the Work

Here is a Bank that Maintains a School in an Effort to Solve the Pressing Problem of Business Everywhere—the Problem of Vocational Education

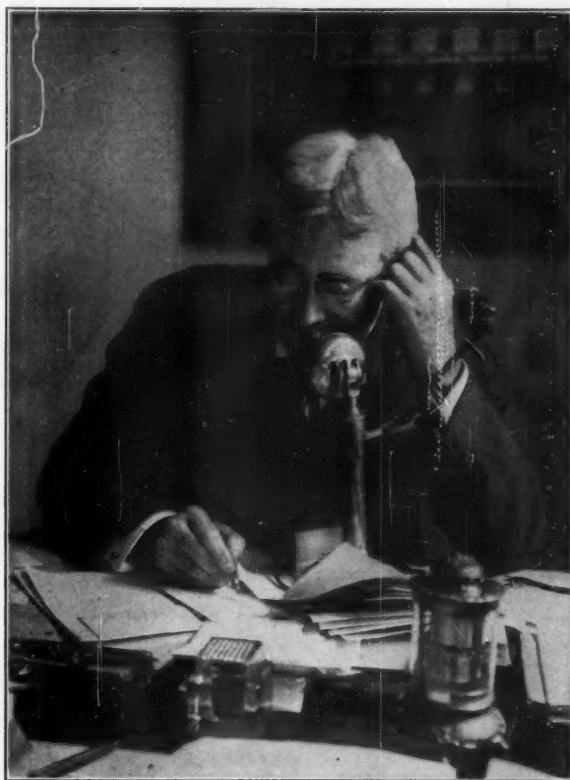
An Authorized Interview with FRANK A. VANDERLIP

FRANK A. VANDERLIP, President of the National City Bank of New York, like most other successful men, has a vocation and an avocation; or, in plain talk, a job and a hobby. His job is being president of one of the most alert banking organizations of the country; his hobby is specially trained young men, imbued with ideals of service, to advance American commerce and finance in other countries.

Mr. Vanderlip has always been interested in young men. Perhaps that is the reason he is so essentially young in spirit even though his hair is white. Back in the nineties when he had just been made Assistant Secretary of the United States Treasury, and a very youthful assistant secretary at that, he had a chance to send someone to the Pribylof Islands, where the Treasury Department then had charge of the fur-seal industry which was in danger of extermination. Did he send politicians on an Alaskan junket? Not he! From the University of Chicago and from the Armour Institute of Technology he picked some keen-minded students who were enthusiastic for work, and who would be benefited and broadened by the experience.

In one way and another he has been picking young men ever since, until now he has

IT has been charged that the present age is cheated because a former age shirked in not providing us with trained men. Greater then will be our blame if we, facing squarely the duty of vocational training, fail to furnish the coming generation with men to do the work for which they draw the wage.



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THERE should be no failure on the part of our educators to appreciate the increasing demands that are, by the changing character of commercial affairs, being laid upon the abilities of business men. Those changes demand a greatly superior training. * * * Cannot you all unite in helping to evolve a college course which will be worthy of upholding a degree of Master of Commerce?—FRANK A. VANDERLIP.

his own school of commercial finance, connected with the National City Bank. In this he trains young college men specifically in the profession of banking, and they go into the branches of the Bank.

How he developed the idea is best told in his own words:

"It came to me that the colleges were not turning out just the type of men we needed in banking. They were training young fellows for various professions, but their conception of what constitutes a profession seemed to be limited. Many colleges have not gone beyond the three generally accepted professions of a century or so ago—law, medicine, and theology. Some have added professional schools in engineering, in architecture, in agriculture, but very few have recognized commerce as a profession. When they have introduced schools of commerce they have treated the subject in an academic way, and have dwelt on theory rather than practice."

The assumption might be that Mr. Vanderlip is opposed to college men, but he quickly disabuses any one of that idea.

"College men" he says, "are just the type of men we want. Whatever else their college training may or may not give them, it does instill a fine spirit of sportsmanship, a splendid idea of teamwork, and the ideal of loyalty to an

institution. Furthermore, since the more alert and ambitious young men of the country are the ones who are going to college, it seems to me that our universities and our commercial institutions have to be in closer touch so that the college student will be better fitted for the commercial activities in which so many of America's young men are engaging.

"To that end we have established business fellowships, by which certain selected students may take a course of instruction at the National City Bank, and graduate from that course into the foreign or domestic service of the Bank. Naturally, we want the picked young men of the country for our service; yet we do not lose sight of the fact that the student benefits as well, and that our whole educational system ought to gain by the practical demonstration of this high type of vocational training."

ONE gathers that Mr. Vanderlip is very enthusiastic about his college boys. He speaks enthusiastically of "how much it would mean for these young men if during their college course they could tie up with some bank, insurance company, mercantile house, firm or corporation that would assist them in determining their future and help them in shaping their life's work!" But somehow, reading between the lines—or hearing between the pauses, as it were—there is a note of regret that the colleges have not supplied this need. He does not dwell particularly on the fact that most young men are graduated from college into a busy world which needs all the youth and energy and training it can get, with no definite purpose as to their future—indeed without a notion as to what they are going to do, or even how they are going to earn a living. Just the same, one realizes that he knows this to be true, and that he deprecates it. "Think what it would mean," he says "for the development of the commerce and industries of this country to have their ranks recruited with the best young minds of



Like Mark Hopkins on the end of his classic log, Mr. Vanderlip on his lawn surrounded by eager students, furnishes all the elements of a university. Just now he is answering such simple questions as "How 'bout business after the war?"

the country, specifically trained for their future activities!" And then one thinks what this lack of adequate and specific training means at the present time.

Briefly the idea of the banking scholarships offered by the National City bank to college men is about as follows:

Only a limited number of students can be taken and these are selected from about twenty leading institutions which recommend the individuals. The students are trained for foreign service suitable to the needs of American business, since it is felt that the development of American commerce abroad depends upon the character and training of the men who are to carry on the work. After a thorough investigation it was found necessary for the bank to create a school of its own.

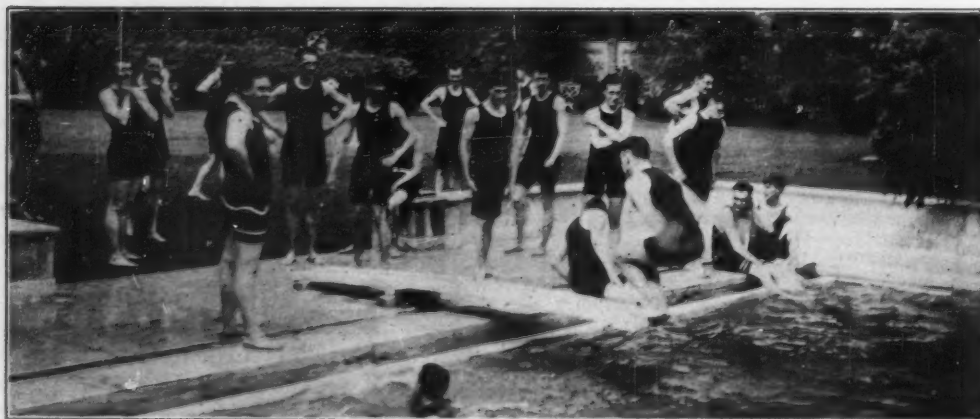
Graduates who are recommended by their universities—and all applications for these scholarships must be addressed to the educational institution and not to the bank—spend one full year at the bank. Under-graduates spend two summer vacations at the bank, between their sophomore and junior years, and between their junior and senior years. Immediately after graduation they have the six months remainder of the course.

The bank pays \$50 a month and furnishes tuition free. The student gets approximately three hours class work in a day which begins at 8:15 and ends at 5:45. Between classes, which are held morning, noon, and late afternoon the student is "learning by doing" in connection with the work of the various departments of the bank.

Salary increases are provided for at regular periods, and those who enter the bank's foreign service are given ample home leave with pay, and with free passage to and from their posts.

The lunch hour is spent together, and all conversation at that time must be in a given foreign language, such as Spanish, Portuguese, French or Russian.

This language conversation plan is carried out further in the Brooklyn



"Mens sana in corpore sano," quoted Mr. Vanderlip as he looked on approvingly.

club house in which 40 of the bank's college boys live together on a co-operative plan. The bank officials think the club house is an excellent venture, because it not only gives comfortable living quarters and good food at the low rate of about a dollar a day, but it gives also the advantages of language practice and the helpful working out together of problems common to all of them. Best of all it gives solidarity of purpose and a united ideal of service. While the bank believes in this club idea it is pursuing a hands off policy in regard to it, so that its management will develop self-reliance in the boys, who are to work out their own salvation upon a truly democratic basis.

This does not mean that Mr. Vanderlip does not take a deep personal interest in his students. He does not deal in the humanities with any aloofness; the boys are his boys, and he invites them up to his beautiful country home at Scarborough on the Hudson, a place already made delectable for Mr. Vanderlip's own large family of boys and girls. Here they have their swimming pool, their gymnasium, even their auditorium, where "movies" censored by a father and drawn from unusual sources are presented. They have "reel" geography giving the life and customs from many lands. Cornell University gave an Iroquois Indian pageant showing the domestic life of the very "first" families of New York. Mr. Vanderlip got the motion pictures of it so his own children could see what they might do when "playing Indians."

Into this home he invited the college boys one August day this year; each class is likely to visit there to learn directly his ideals of service. They tried the swimming pool with its cold clear water into which dipped the pendant fronds of a giant spruce.

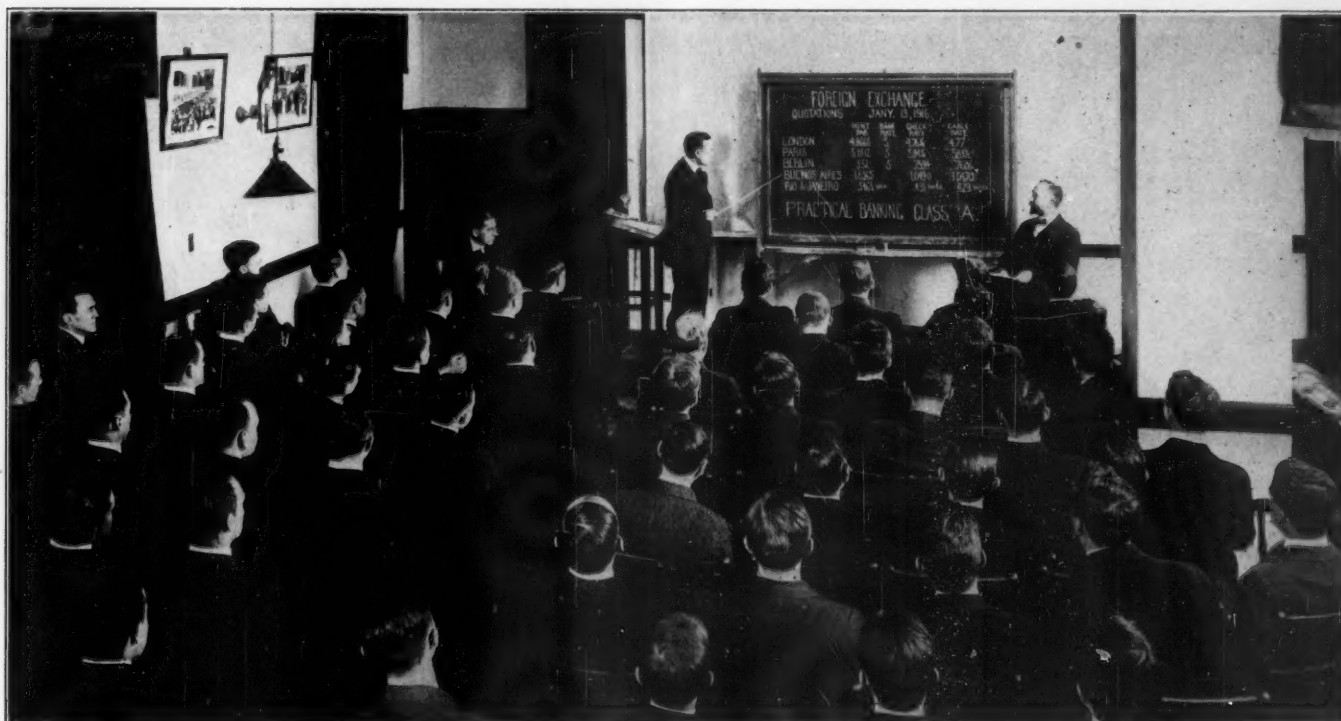
"What," I asked one of the students, "did you get from Mr. Vanderlip's talk?"

"Mr. Vanderlip said," he replied, "that we have come to a day when trained men, men with imagination, resources, and ingenuity are needed in banking. The men the Bank is sending out are having the opportunity to play a large part in the national and international commercial life. For there are more things than simply the paying of dividends. There is a large service to perform for the American business public and the American nation. . . . There is a romance to business, there is a distinct opportunity for helpfulness, and those of you who have chosen to go out to foreign posts will find that romance of business, that chance to serve not alone American industry, but your own people and the people to whom you are going."

This student of banking, just quoted, evidently has several of the qualities which Mr. Vanderlip deems essential in a big man fitted for big tasks. When asked to name these qualities Mr. Vanderlip said:

"Personality is the chief asset. By this I don't mean a dominant spirit, but charm—the quality that makes people like a person and feel that he is frank, honest, and friendly. After that I rank somewhat in order, industry and open-mindedness. Other things being equal the man who works hard accomplishes the most; yet the merely industrious man who is not open-minded and receptive of new ideas closes the door of opportunity in his own face. He should not, however, be open-minded to the point that he is a weather-vane swayed by every breeze of opinion that blows his way, so self-confidence, without 'cockiness' is another important quality. Along with these other natural qualities should go initiative, adaptability, willingness and enthusiasm.

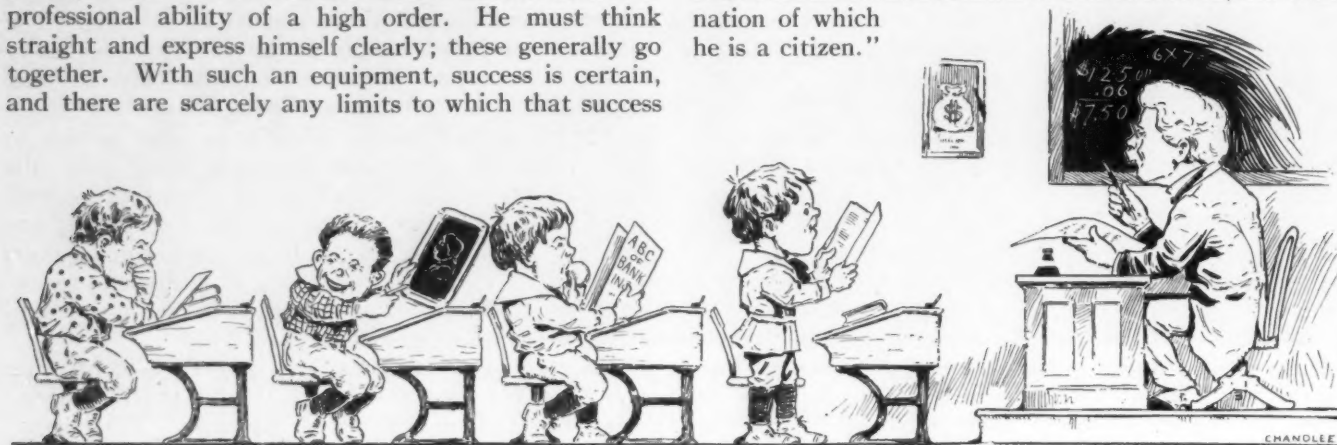
"Then there are other qualities, partly the result of a man's nature, and partly acquired through habit and training, such as thoroughness, accuracy, tact, speed,



Here in a class room overlooking Wall Street, the mysteries of foreign exchange are explained to a class in practical banking. The blackboard is not a substitute for experience but only a supplement to it.

and courtesy. Of the more purely acquired accomplishments, I deem it essential that a man have technical or professional ability of a high order. He must think straight and express himself clearly; these generally go together. With such an equipment, success is certain, and there are scarcely any limits to which that success

may not reach. It promises big returns to the individual and to the institution with which he is connected, and to the nation of which he is a citizen."



A Timely Breach in the Great Wall

And Rufus D. Smith of the Division of Public Affairs, New York University, Suggests
That Now's the Time for the United States to Enter With Its Goods

UNPRECEDENTED prosperity, unlimited capital, scarcity of workmen, amazing foreign trade, stupendous production—how easily these words come at the present moment! And yet, only a short while ago an industrial crisis faced the American people when American workmen were without employment, business was stagnant and disorganized, capital was in a blue funk, and starvation and misery, with their companions, soup-kitchens and charitable relief, were the bedfellows of heretofore self-supporting citizens.

Now, we have high wages and plenty of work to go around. American foreign trade during the year ending July 1, 1916, touched the tremendous figure of six billion dollars. But here and there men with forethought are telling us that the future is not all rosy, that much of what we now have in prosperity is only temporary, and that much of the remainder will only be permanent gain through hard competition and continual struggle. As a nation we must prepare for a commercial war at the close of the present conflict, if it is not upon us now.

Rumors of economic conferences, of unions, of combinations are heard on every side. The allies are to band together in an economic union against the enemy, particularly Germany. The central alliance, we hear, is planning to form a customs union to fight for economic supremacy. Already Germany is preparing to wage a war of peace. Lord Haldane tells us that "the signatures to the treaty of peace will no sooner be dry before Germany will be launching a new campaign. On that field of battle her weapon will be technical education. Germany will make a terrific onslaught, and for that she is organizing from the elementary schools upward." Frederick Matthews has written "The victor of the present war fights for the control of the world, and will stand directly in the path of the United States in extending American trade with Europe, with South America and with the Orient." A reinvigorated spirit is already to be seen in John Bull. England's exports, despite the

enormous industrial drain of war, are increasing. In South America nothing is being left undone by England



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This 12-year-old Chinese boy carrying 80 pounds of tea, and his father with 350 pounds, are starting on a 400-mile trip to market in spite of the approaching snowstorm.



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These bright-looking Chinese girls having tea are studying American ways in a Mission school in New York City.

to break up Germany's hold. Incidentally, this means added strength in competition with us in the republics of the south. Japan and Russia have thrown their lot together.

With legitimate efforts the United States has no complaint. But to meet this competition, to win permanently part of the world's trade, to keep her factories running and her workmen employed, her capital in use, and in order to prevent a depression, even a crisis, America must fight for her share of the world's trade against combinations, alliances, and the competition of nations who will put everything into the coming titanic struggle.

CHINA, with its potential wealth, with its tremendous population, just now in the beginning of a wonderful development, can be a real solution of our future trade. For example, the Hankow-Szechuan railway when completed will tap a population of 78,000,000 skillful, industrial-trained, law-abiding people, a population greater than the entire population of any country except India, Russia, and the United States. Dr. V. K. Wellington Koo, Chinese minister to the United States, gave some startling figures in regard to China's possibilities recently at the annual conference of the Chamber of Commerce of the United States. "In proportion to area," he said, "China should have 325,000 miles of railroad against the 250,000 of the United States; whereas now, only 6,000 are available. According to population, she should have one million miles of road. Per capita," he tells us, "each Chinese now buys only 8 cents' worth of American goods out of a total of 93 cents spent in foreign trade." Canada buys \$90 per head. In proportion to Canada, then, China should ultimately increase her purchases an hundred fold. This would mean not an export trade of twenty-five millions from the United States to China, but one of two billions and a half. Some say that this would be incredible. And yet, have we any realization of the immense wealth and trade possibilities in China, if developed?

For instance, four hundred million pairs of feet in China—what possibilities for American shoes! Yes, our business men say, but they don't wear our shoes. And yet, a trade report comes from Mukden, China, and other cities, that there is a fair and increasing demand for American shoes and leather. The north of China has extreme climatic conditions, and the population is discarding its native shoes and adopting leather shoes and



The clerical staff of a Hongkong bank. Compare it with Mr. Vanderlip's American staff on page 2.

boots. With proper regard for the needs of the situation, and by meeting the Chinese demand for cheapness, here is a wonderful opportunity for progressive American business. At the present time China imports only 200,000 pairs of shoes annually, of which only a very small amount are American-made. With the rapid adoption of European customs, this trade should amount to millions a year. The Chinese have learned to smoke American cigarettes. Why not develop something more worth while by introducing more generally the use of American shoes?

Milch cows are scarce in China generally—except



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Another of China's transportation problems. A camel freighting train, as in Confucius' day, can still be seen on the road leading into Peking.

Mongolia—chiefly because land is too much in demand for agriculture to be used for pasture, and because Confucianists will not eat beef, cattle being reserved for sacrifices and for ploughing and because the water buffalo is a better animal for ploughing, especially in the rice districts. The Chinese are using condensed milk in increasing quantities and, properly worked up, the result should be a considerable market for American condensed milk.

To the peoples of the Far East with their love of amusements which must, of course, necessarily be cheap and satisfying to meet their standards of life, the moving picture show should have a powerful appeal. Through it the masses of the world are able to obtain an inexpensive, popular amusement. In China, with its large and wonderful cities, such as Peking, the capital, Shanghai, and Canton, and Hankow, China's Chicago, wonderful opportunities exist for the development of the "movie." The Chinese are naturally fond of plays, of pantomime, and for thousands of years have had their stories rivalling the classics of our dramatic world. In fact, the Chinese were acquainted with the principle of the kinetoscope, of course in a rudimentary form, thousands of years ago. There are now many successful moving picture houses—mainly educational—in China—the pioneer work has been well begun. Isn't this an opportunity for someone with imagination and initiative to organize a Chinese company with Chinese players to present to the world these wonderful stories of Oriental life? Think, also, if properly introduced, of the wonderful use which the Chinese government could make of the "movies" in its movement for educational reform! Here is a quarter of the earth's population eagerly awaiting development of this cheap but popular and good amusement.

China, probably, is the best watered country in the world. In addition to its three great rivers in the center, in the north and the south respectively, it has a great number of smaller streams, lakes and many smaller waterways. The total navigable rivers and lakes aggregate about 17,000 miles. Besides this, there are hundreds of thousands of miles of canals which carry a constant stream of traffic from one end of the country to the other. A variety of craft use these canals, and one may see a steam-driven houseboat alongside a junk or an old-style boat propelled by stern oars. Steam launches and motor boats for inland traffic are increasing in demand. Here is an opportunity for the American motorboat industry to make a new trade.

Many modern buildings are being erected. For these, tools, hardware, and building supplies are needed, together with elevators and hoisting machinery. This spring two Hongkong merchants came to America to buy an order of \$1,000,000 worth of tools and hardware. They had difficulty in placing the order, owing to munitions contracts. And yet, here was an opportunity for permanent trade, while munitions are only temporary.

Great Britain has placed an embargo on leather. The closing of the German ports has shut off this important field, Australian leathers are extremely high. As a result, American leathers are in great demand in China. The Chinese public is becoming accustomed to many new lines. Now is the opportunity to get American leather goods before the Chinese in a favorable manner.

What about bicycles? The Iver-Johnson arms and

cycle works have just shipped five hundred bicycles to China and Hawaii. Its munitions orders will decrease at the end of the war, but its bicycle export trade to China should develop. With improvements in roads and the mass of the people unable to buy automobiles, cycles should have a large and an increasing sale in the Far East.

Machinery, small tools, hardware, steel plates, window glass, nail rods, copper, brass bars and sheets, needles,



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Canton's floating population—about 400,000 live on houseboats. This appeals to the thrifty Chinaman as this kind of a house and lot costs only \$20.

wool, braid, buttons, ribbons, trimmings, lamps, soaps, washbasins, enameled ware, chemical products, small metals of inferior quality and price, and even beer offer fields of export in China at the present moment. Are we getting this trade? Are we making hay while the sun shines? Are we getting the Chinese accustomed to American goods?

HERE and there encouraging reports show what can be done by the American business man. The United States Steel Products Company has recently obtained new orders and built a number of American bridges in China. These bridges were fabricated in America, trans-shipped to China and erected within eleven months after the order was given. The various parts fitted accurately, and the Chinese have been exceedingly pleased with the results.

The Chinese American Products Exchange Company has backed a group of Seattle business men who have planned a five million dollar company for a new trade service on the Pacific coast of China, Japan and the

Philippines. This company has promised to give all its shipping business to the Seattle group. At the present time exporters and importers are experiencing great difficulty in a shortage of bottoms and this is a move in the right direction.

Consul Moser of Harbin, China, reports the sale of considerable quantities of American dried fruit, of electrical wire to the Chinese eastern railway, of electrical

new Chinese chamber of commerce has been organized at Shanghai and a movement to affiliate all the chambers of commerce in China has been worked out and completed. This means that the Chinese are breaking away from their old-time and exclusive ways of doing business and are getting more closely in touch with foreign methods.

The government is fostering banks with the special object of making loans to agricultural, stockraising, mining and engineering companies. Experiment stations have been started for cotton, forestry, and stockraising. The Chinese government recognizes that to become a leader among nations, more thought must be given to industry, and a commission of industry and commerce has been instituted for the purpose of directing the attention of the Chinese people to the advantages of industrialism.

To develop a large and growing import trade, more Americans must engage in developing Chinese exports to the United States. For example, in Foochow there is an opportunity for a general American export and import firm. Foochow, last year, exported \$385,000 worth of tea to the United States, all of which went through a British firm. Besides tea, camphor, hemp, cordage, lacquer ware, could also be exported. Why should British agents do this work?

China has possibilities of becoming a meat-exporting country to the United States. A firm in Shanghai in competition with the Queensland Meat Company, with Swift and Company, and with the Western Meat Company, was able to underbid and secure an order of six million pounds of frozen beef for the United States Army.

Here is a country in the midst of a great industrial revival, only waiting for capital and outside initiative. What American progressiveness has done in building up this country can also be done in China, and, as a result, the American export trade should expand by leaps and bounds. A new trade situation has arisen and far-sighted American bankers, manufacturers and engineers must play their part in developing Chinese fields. If they do not, America will lose its share of trade when China's sluice-gates of wealth are fully opened up. Above all, we have the good will of the Chinese people. They like us; we are educating fourteen hundred Chinese students in this country; and if good will means anything, China's needs are certainly American opportunities.

China has already become a commercial battlefield. Other countries are preparing for the struggle. The Chinese themselves wish to trade with the United States, they welcome us, as they do not fear our motives. And now is our opportunity to get a good start before vested interests make competition impossible.



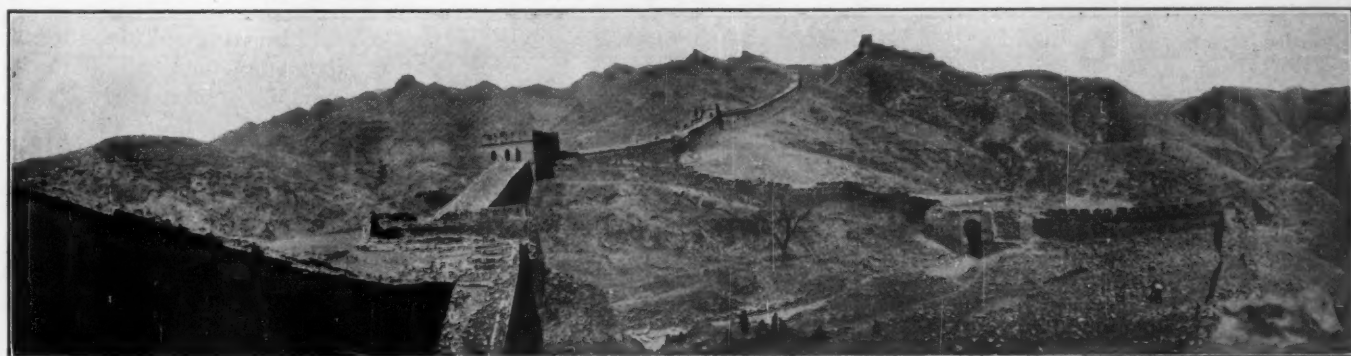
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Where sack coat and straw hat of the Occident meet silk blouse and mandarin cap of the Orient, in crossing this modern thoroughfare of picturesque Hongkong.

stoves and of electrical pumps for coal mines and briquet machinery to a Russian coal company in Harbin. He further adds that negotiations are under way for the purchase of American brick machinery by an important Russian firm in Harbin.

Recently an American chamber of commerce has been organized in Shanghai. This should do much in bringing together American business men.

On the Chinese side, progress is also being made. A



50,000 Lieutenants for \$10,000,000

With his Nose for By-products, a Business Man Would Produce Reserve Officers by Utilizing the Ready Equipment of the State Universities

By RALPH E. ELLIS



NOW that the business men of the country by referendum, and political parties by platform have declared for national defense

the next move is how to obtain a maximum of protection at a minimum of expense, and at the same time adhere as closely as possible to well-established American ideals.

That the United States army should be increased tenfold is the sum of highest military opinion. But to increase our present regular army to such an extent is clearly out of the question; it would cost more than a billion dollars a year to maintain such an army, and to garrison a great body of professional soldiers throughout the country would be repugnant to American ideals.

So it seems there must be a trained citizen reserve, either created through universal military service or through some system of voluntary enlistment. In either case the supreme necessity is: How to get an adequate number of trained officers. For without officers, an army, no matter how well equipped and trained, would be little better than a mob.

Every war the United States has fought, —the Civil and the Spanish particularly— has demonstrated how futile are armies without trained leaders. In addition to this experience we have the spectacle of men sacrificed and munitions wasted in the early months of the European conflict, because of lack of officers.

The general staff after an intelligent study of this question of preparedness concludes that 50,000 reserve officers should be enlisted by the United States, officers trained scientifically both in the theory of war and in the practice of tactics, strategy, army organization and engineering.

Furthermore, they should be trained at once. The time element is all important. President Lowell, of Harvard, counsels a training of officers before that of the men.

SUPPOSE a business man were given the job of supplying these

officers. Before he would order increased equipment or put up new buildings he would ascertain if the Government did not have sufficient equipment that could be utilized to produce these officers as a by-product.

A canvass of military authorities and university executives would support the theory that he would find this equipment ready at hand.

He would find it in the fifty land-grant colleges which are closely related to the Federal Government through the Morrill Act and in as many more colleges and universities, all of which are offering again this September to 220,000 young men 90 per cent of the instruction that is offered by West Point and Annapolis.

Our business man as Uncle Sam would immediately set to work to supply the other 10 per cent and as a result would deliver to the Government in the next four years fifty thousand lieutenants at a cost, which has been conservatively estimated by educators, of \$200 each or \$10,000,000 for the entire job.

This business plan would require a minimum of capital invested and the maximum of utilizing half-used and disused facilities.

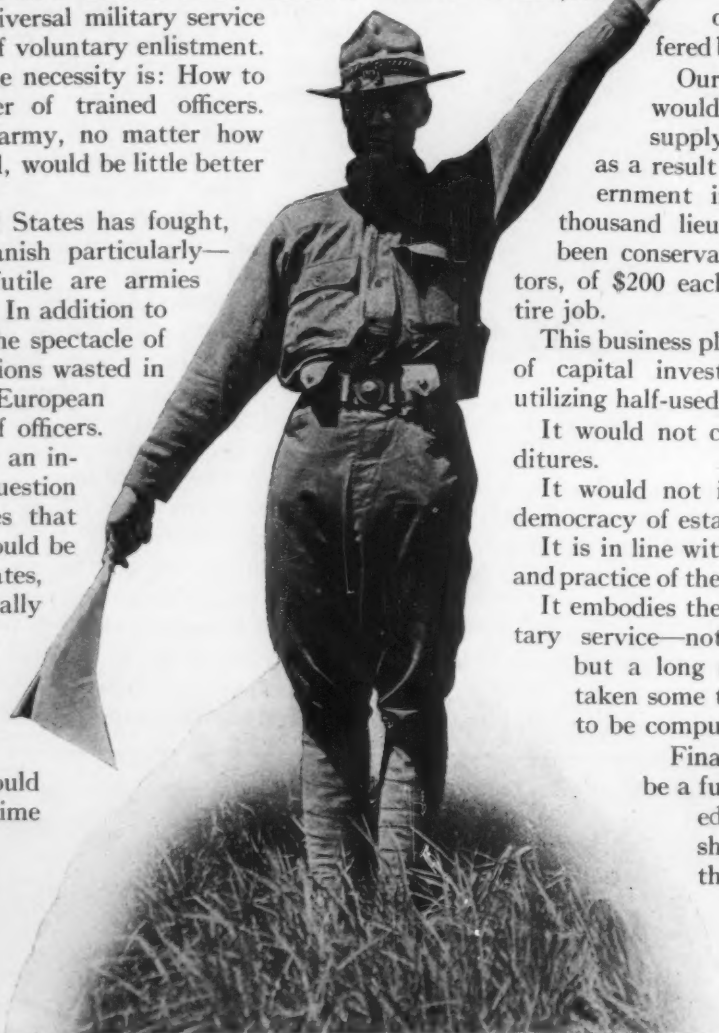
It would not call for immense new expenditures.

It would not involve the great risk to a democracy of establishing a military caste.

It is in line with the most advanced theory and practice of the leading nations of the world.

It embodies the principle of universal military service—not compulsory, to be sure—but a long step ahead which must be taken some time whether or not there is to be compulsory service.

Finally this business plan would be a fulfillment of the idea that the educated men of a nation should be so broadly taught that even those who might never be called to arms would gain a familiarity with arms, military organization, military science and military modes of thinking. It would give us officers who are



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Harvard undergraduate sending signals during maneuvers of his regimental classmates.



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Both state universities and military academies pay attention to physical training as well as to the humanities and the sciences. It is difficult to tell which group above is West Point and which Yale. The left one is Yale.

primarily civilians, who, coming from all sections of the country and from all classes, would be truly democratic.

THERE are three directions in which the Federal Government might turn for officers. West Point could be enlarged, or the existing system for training army officers extended by creating other West Points. But as West Point has furnished less than 6,000 officers in the 114 years of its existence, and as it at present supplies yearly less than 200 men to the army, where fully 10,000 a year are needed, it is evident that the national academy would have to be enlarged enormously, probably from fifty to one hundred times, before the officers would be forthcoming from this source.

Making West Point fifty times larger would be a very expensive and slow process. Eventually it might be the best policy for all army officers to be trained in national military academies as excellent as West Point, but obviously this plan would not satisfy the essential conditions in the present problem. It would take too long to begin operation.

A second source of supply would be the ranks of the militia and regular army service schools. If the present militia force be federalized it might be possible to obtain five or six thousand eligibles from this source. At best, the number of militia officers would only be a small proportion of the 50,000 needed within the next decade; and it is doubtful whether these militia officers are well trained enough to become at once of use in a modern field army.

The third possible source then is our colleges and universities. This is the plan for which President James,

of the University of Illinois, is so notable an advocate, and is concurred in, with rare exceptions, by the presidents of the State universities. President Vincent, of the

EVERY State university should provide a course by which a man can prepare himself for a second lieutenancy. I should think a student who had gone through the ordinary routine of the cadet regiment, had been a captain in his senior year, would have to add little more than, say, twenty to thirty per cent of the work of junior and senior year in order to be reasonably qualified for an appointment as second lieutenant. This amounts to majoring in military science for the last two years of the undergraduate course. I think, however, after we have passed through this transition period which we are now facing, it will be possible, after five years, to require one graduate year, in addition to the work I have spoken of above, as qualification for appointment to a second lieutenancy in the army.—BENJ. I. WHEELER, *President University of California.*

University of Minnesota, explains what has been done and what might be done in this connection in the following letter to THE NATION'S BUSINESS:

"To one who knows the State universities, it is clear that these institutions can be used by the Federal Government to train quickly and well the thousands of officers who all agree ought to be available. Given a large number of capable non-commissioned officers and second lieutenants, and adequate equipment, the United States can rapidly train and put into the field immense numbers of volunteers. The University of Minnesota may be taken as a typical institution. Minnesota now has 1,300 men enrolled in its cadet corps which is listed by the War Department among the first ten 'distinguished



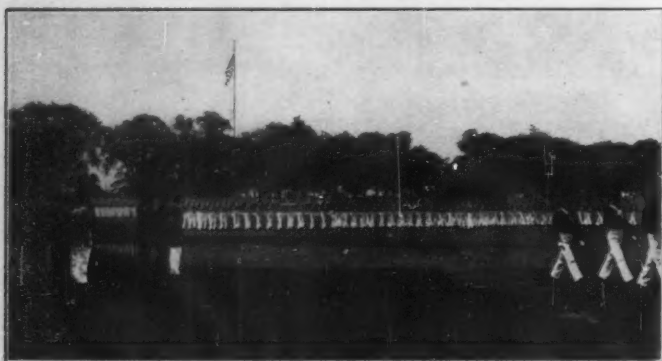
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A detachment of a Harvard regiment, "up and over" a trench in practice getting actual experience on the estate of Edward D. Brandegee, Brookline, Mass.

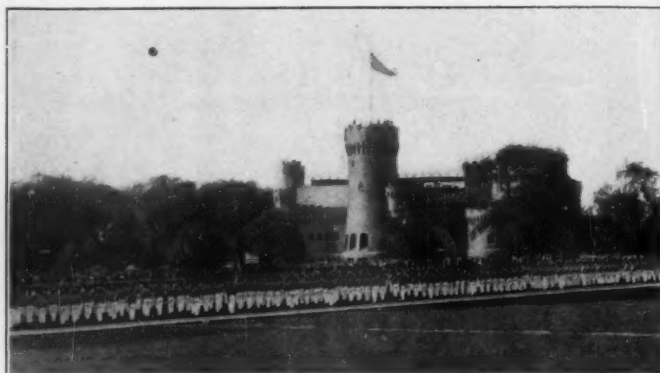


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San Francisco high school boys get a taste of soldier's life in camp on the San Mateo foothills. What an advance over the old manual of arms!



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West Point cadets passing under review of former Secretary of War Garrison and Ohio State University cadets on dress parade. Ohio is one of the many state universities whose military drill is justly a matter of pride to both faculty and students.

college regiments.' The total includes a new national guard battery in which only Minnesota students are enlisted, hospital and signal corps units, and a regimental band. All first and second year men are required to take military drill. In June, during the week preceding commencement, the entire corps is required to go into camp at Fort Snelling. The United States Government furnishes tents and equipment and affords access to the rifle range. The student soldiers receive instruction in camp sanitation, trench digging, rifle and artillery firing, tactics, route marching, battle problems, signal and first-aid work in addition to the usual exercises in formations, manual of arms, regimental reviews, etc.

"Here is a program for turning out 4,000 non-commissioned officers and 1,000 second lieutenants annually: Let the Federal Government take advantage of the existing land-grant colleges; provide uniforms for all cadets; establish summer camps for two months; pay all expenses and a salary in addition; detail officers for instruction in military history, tactics, military engineering, etc. After four years of a regular college or professional course plus two summer camps, a student would be a competent non-commissioned officer. Give him a post-graduate year in the regular army and he would be commissioned as a second lieutenant. In this way West Points could be multiplied, and at relatively low cost thousands of officers quickly be created. It is important to remember that such officers would be in spirit and fundamental interests, civilians, not members of a military caste, professionally interested in preparation for war. There is already support from the Secretary of Agriculture for such a policy in connection with the federally subsidized agricultural colleges and universities."

HERE are the advantages of securing a steady supply of college trained officers: First, existing organizations—colleges and universities, namely—could begin at once with existing faculties and laboratories to give instruction in those subjects necessary to the establish-

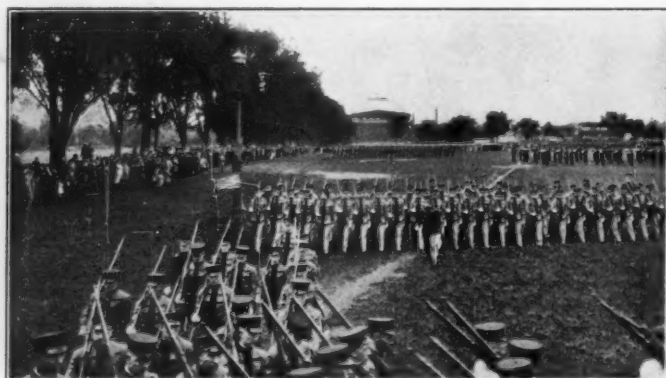
ment of a modern army. Within twelve weeks after the necessary authority had been granted, the plan would be in operation. Second, college faculties include a large proportion of the best men in the scientific world, and college plants, meaning thereby laboratories, classrooms, libraries, athletic fields, and so forth, represent a high standard of equipment. Third, the personnel of the American student body is representative of the best blood and the best brains in the United States, certainly no better class could be found from which to select prospective officers. Fourth, the matter of selecting officers produced under the proposed system could not be based on political necessity or favoritism, but upon work honestly done in the classroom and in the field. Fifth, the estimated cost of training fifty thousand reserve officers by duplicating West Points throughout the United States would be \$1,000,000,000 as against the \$10,000,000 of this plan. Chancellor Samuel Avery, of the University of Nebraska, sums it all up when he says that failure of Uncle Sam to utilize our colleges in this way is "frightfully bad economy."

One of the obstacles in the way of cooperation between the Federal War Department and the colleges in question is an honest and deep-seated pacifism on the part of some of those who control. Chancellor Day, of Syracuse University, for instance, says, "I do not sympathize with the present war hysteria and do not feel like encouraging the introduction of military matters into this university. I believe that West Point is the place for young men seeking a military education, and there are some very good military schools throughout the country. I believe



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Members of the Aviation Corps at Cornell University practicing with an aeroplane. Cornell students are enthusiastic "preparers."



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University of Illinois students drilling. President James strongly advocates increasing the military curriculum.

that universities have a bigger business on hand." Some institutions might be deterred through a very reasonable fear that military instruction would lead to undesired compulsory military service. But as a matter of fact compulsory military service and elective instruction in military science are two separate and distinct matters. One does not include or necessarily lead to the other.

Upon further analysis the most serious and immediate obstacles in the way of cooperation between the War Department and the colleges appear to be as follows: First, the lack of opportunity for real field training in military tactics, manoeuvres, and living; second, the lack of equipment for certain necessary branches for military training, such as small arms and accoutrements, uniforms, ordnance, ammunition, range-finding instruments, aeroplanes, signal apparatus, etc.; third, the lack of a standardized curriculum—no two institutions now being in agreement as what would constitute a training in military science; fourth, the possible lack of interest on the part of students in training for the reserve corps; fifth—and this seems to be the most serious obstacle—the lack of instructors in tactics, strategy, gunnery practice, and other highly specialized subjects necessary to complete military efficiency.

But each of these obstacles could be removed readily by a prompt and reasonable cooperation between the Federal Government and the American colleges and universities. The practical drill and camp life so necessary could be obtained in summer camps maintained by the National Government. Attendance could be required by the college authorities of those students seeking positions after graduation in the reserve officer corps. The summer camps are not mere experiments. They are practical realities. President Lowell, of Harvard, in a recent report declares that "The summer vacations are now too often wasted, and one of the problems confronting American colleges is how that time can be better spent by students who are not obliged to earn their way through college. . . . Nothing has yet appeared so valuable for the student, or of greater service to the community, than five weeks at the summer military camps held for the last three years. Carried on as yet with very little expense to the Government, they have been inefficient in the different arms of the service in the

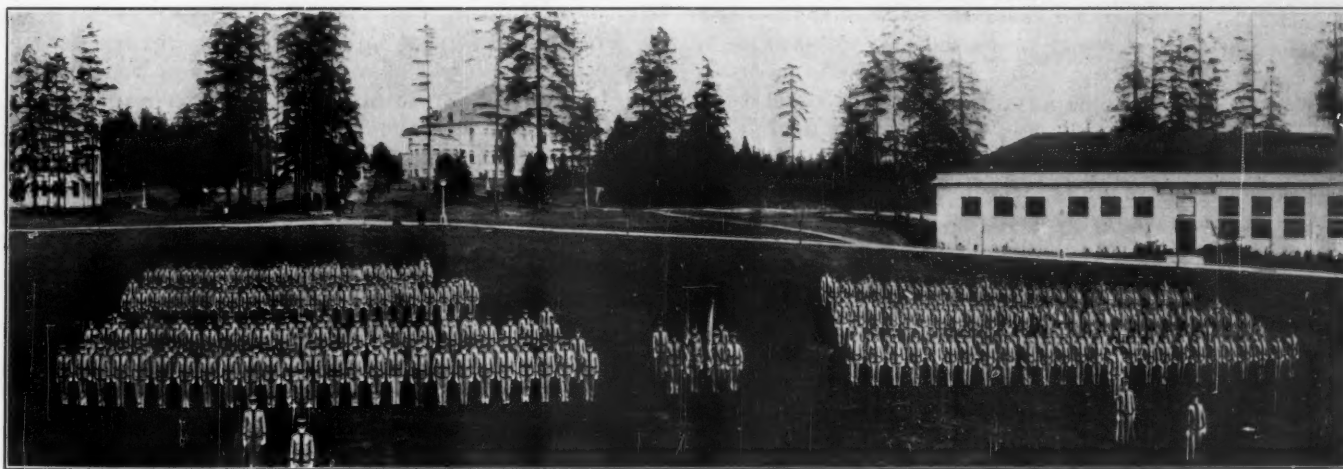
use of which an officer should be familiar; but within their limited means they have been admirably conducted and the progress of the students has been eminently satisfactory to the officers in charge."

I HAVE just returned from Plattsburg where I have been in conference with General Wood in regard to the matter of military instruction in state universities not organized under the Morrill Act. In order that the best results may be reached through these universities, the Act recently passed 'To increase the efficiency of the Military Establishment of the United States' will have to be amended. That Act places the emphasis upon the practical work. Our Regents feel that in this University the emphasis should be placed on theoretical work, and that the practical work should be obtained by our students through the instrumentality of the summer camps. This is the opinion also of General Wood.—H. B. HUTCHINS, *President University of Michigan.*

PATRIOTISM in time of war would fill up the ranks, but in time of peace would the recruits come in? If the United States Government would pay small salaries to its reserve officers—beginning with the second lieutenant from college graduates who had finished successfully the prescribed courses in military science—there is reason to believe that plenty of men would enter the courses in military science and take the field work in order to obtain a place in the reserve army upon graduation.

If, for example, the university graduate in military science were paid \$100 a year it would help pay his expenses of the summer encampment and the total for 50,000 reserve army officers would only amount to \$5,000,000. The nation pays out more than \$100,000,000 in pensions. Some of the big corporations pay several times five million dollars in wages. The net earnings of the Santa Fe Railroad last year were almost ten times that amount. For the protection arising from the existence of such a reserve corps the yearly payment of an amount equal to almost one-fiftieth of one per cent of our manufactured products alone would be certainly a low rate from the standpoint of insurance.

As was stated in the beginning, a canvass of those in a position to know supports the theory that it is a businesslike plan for a businesslike and prepared nation.



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This picture shows for itself how the University of Washington, at Seattle, with its 4,000 students, is training its young men to serve the country in case of need.

What the Wife of Every Consul Knows

FRED is out of the service now, and we can say some things we wouldn't have said before.

"While he was studying international law, economics, commercial papers, and other similar subjects in college, he told me his hopes and plans. We were not engaged then, though we had a general understanding that we liked one another pretty well. He was working his way through ——— University, while I was living in the college town with my mother, helping her to make a home for my two brothers, then taking courses in engineering.

"One day I remember that Fred was particularly discouraged because his favorite professor, who taught international law, advised his students against going into the foreign service of the United States, because that service was so poorly paid. 'When a college professor says a job is no good because of low pay, it must be very awful n. g.' was his comment. I did not see the force of it then, but I've seen it with a good deal of bitterness since; and I've wished many a time that Fred had taken his advice, as lots of the other fellows in the class did. Fred himself said that it was a shame that these young fellows should have been turned away from a field they wanted to enter, and that it wasn't fair that their country should be robbed of their services.

"When he left the service at ———, and came back to the States to go with a private firm he was all broken up. He could not understand why I should be so happy over the change in our affairs, even though it did mean a one-third increase in his pay, which has been more than trebled since. I believe he thought I was merely mercenary and cared only for the money. Possibly I did care for what money would buy; but this is what it meant in one specific case:

FRED'S allowance for travel was five cents a mile; he got a good many promotions in responsibility, and mighty few in pay. That is, when they needed a good man for a more important post they'd order Fred there. We jumped, in one case, from Yucatan to Sweden—not to be too specific. We had to break up the household. A lot of our best furniture had to be sacrificed under the hammer. A few pieces, I simply would not part with in this way. Fred's allowance was enough for his passage, but what we got for the furniture that we sold, paid only for the transportation of what we carried with us; he had to borrow money to pay my passage.

"That was no more than other American officers were doing, but it puts them at a disadvantage compared with the men in similar positions in the English, French, German, and Italian services who have expense allowances for themselves and their families. When Marian R——'s husband had to travel overland in Persia the five cents a mile didn't begin to pay even his expenses.

They had to have a caravan and a young army; it was the only way they could go.

"That is only a sample. Another one of the men went from Washington to Hongkong. The actual expenses for himself and his wife were \$820, but he got only \$587, so he lost \$233 on the trip.

"E——'s husband is about the most economical man I ever knew, and so conscientious that he would pare his expense account to the bone rather than include

THESE random notes, here set down from actual experiences, help explain why our representatives abroad, supposed to look out for the commercial interests of the United States, are not always able to hold their places even after their fitness is proved. The material is presented as a human document, told in the first person, by one who has been close to the problem. It is of peculiar interest to American business men as they have, through the Chamber of Commerce of the United States, only recently urged Congress to abolish the very evils mentioned here.

any item about which there might be a question. It cost them about \$200 to go from London to Naples, and they got back \$67—or at the rate of five cents a mile for the most direct route. They couldn't afford the loss of that \$133, yet they could not travel for less.

"About the hardest case of all came to my knowledge only a little while ago through a letter from Agnes W——, who had been a school-mate of mine. I had lost sight of her for a number of years, and when she learned that Fred and W—— were both in consular work, we laid great plans and had many day-dreams. They were 'somewhere in France,' and were ordered to South America to look after growing commercial interests there. There was Agnes and her husband, their baby girl, and the maid. The railroads were all upset, troop trains had the right of way, and ordinary traffic was badly blocked. They had to stay 10 days in one place and 4 in another; food prices were high, milk for the baby was imperative and also prohibitive in price. Hotel bills were high enough under the war conditions, and added to that was the general feeling that they, being Americans, were to be charged at the very highest possible rate—'all the traffic would bear.' W—— had all these unusual and extra heavy expenses, and the American government allowed him five cents a mile for his own travel. The expense of the rest of the family and their goods, and the large hotel bills all came out of W——'s pocket.

"Fred made a lot of tables getting figures from some of the other fellows. The unmarried men went in the hole from about a fifth of a cent to ten cents for every mile they traveled; the married ones lost from two-thirds of a cent in the most favorable cases, to more than a dollar a mile, in the most extreme case.

"The worst of it was, that Fred, as well as a good many of the rest of them, was so worried about debt that he didn't have much energy and enthusiasm left for the job, even at times when he knew that his work needed the best that was in him. All the joy that should have come from a transfer to a more responsible place was swallowed up in the contemplation of the expense of the move.

SO much in regard to travel; there's also a lot of trouble about quarters. Practically all the other countries have their own buildings. If we had gone only where we could have afforded to live, we'd have been in

a back alley. But while one can survive being ashamed for one's-self, there's no such thing as being willing to be ashamed for one's country, especially when Fred was trying to serve it with the best he had to give. It meant using up all of the money I had; we borrowed on Fred's insurance; we borrowed \$500 from my brother. An additional \$800 of our own savings has yet to be paid back out of Fred's earnings, so we are \$1,300 behind even now; and are still paying interest on my brother's money. Fred tries to pass it over by saying that all business is done on borrowed capital, and that debt is no dishonor. But the money we sank in this venture into foreign fields was no investment. The returns we got were worries and misgivings.

"The saddest part of it all is that our representatives are looked down upon because they have to live in rented or poor quarters. That is particularly bad for the diplomatic corps, under the State Department. In some cases the officer himself has not only had to pay the rent of his living quarters, but part of the rent of the offices, so that the United States could do business in a fitting and decent building. I remember how humiliated and chagrined the American Ambassador in Rio Janeiro felt, about three years ago, when he had to get out of the building which had been occupied for a long time as the American Embassy. The government of Uruguay had bought it for a permanent location. It was no fun for our folks to see the American flag come down and the Uruguayan unfurled in its stead, while the passers-by pointed significantly. Sometimes, even in diplomacy, it's the littlest things that count. The dignity of a nation in the eyes of the people of other nations, often hinges on very trivial subjects.

"This question of quarters has long been a source of trouble. The costs of living in America have increased as we all know; they have immensely advanced in other countries, especially in Europe where war prices prevail. One of our best friends, and one of the best men the service has, recently wrote to Fred that he was thinking of quitting. His wife sent me a letter about the same time saying that she and the two small boys and their servant would have to come back to live with her folks in Michigan, and see H—— only at intervals of several years, if he stayed with the service. They could not keep the most frugal living expenses within his salary of \$2,000. She said they were fairly lucky in their last assignment, 'because we might have been sent to —— where the cost of living has risen so rapidly that P—— has just bought coal for \$25 a ton, and a "short ton" at

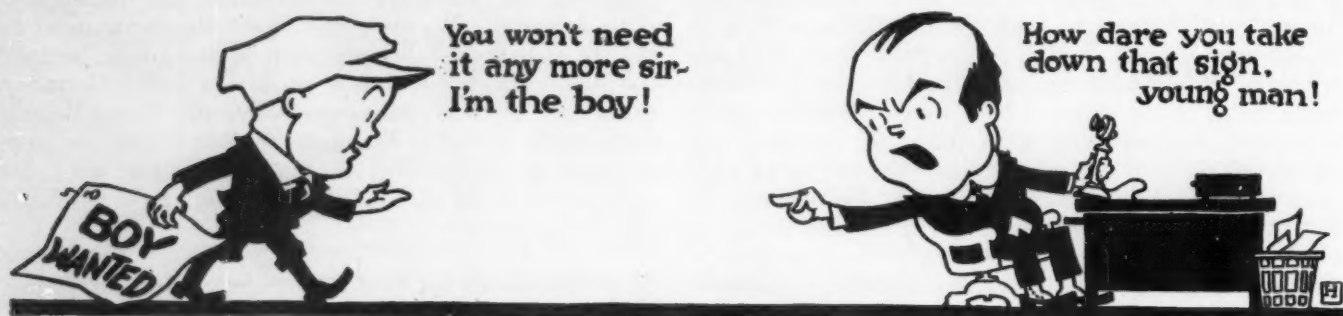
that; eggs are selling for 5 cents apiece, and butter is 80 cents a pound. We are going to ask the department to change us to some other post or raise our salary, because its purchasing power has been cut in half. Germany takes care of these things perfectly, and Great Britain does nearly as well. The main trouble is that we have to keep up appearances to equal these, and we can't afford to dress the part, let alone keeping up the table and the living quarters.'

I KNOW now what Fred meant when he said that while poverty was no crime, it often led to crime. I thought he referred to S——'s suicide as a crime, and that S—— shot himself in an obscure Washington hotel because he was tired of being poor, and of being harassed by debt and by his butterfly little wife, importunate for the funds that would give her pleasure. But the trouble was deeper than that. S—— had been gradually going under and getting more and more hopelessly in debt. Then, for a price, he used his position to forward the interests of certain firms, at the expense of others. I know what he had to contend with; and I can find a good many excuses for him. The blonde doll he married helped him into trouble instead of trying to keep him out of it. The end came when he was ordered home to explain some rather nasty charges brought by the rival firms. After he had been on the carpet all afternoon, he went back to his room, and took what he thought was the easiest way out. They called it temporary insanity following a sunstroke.

"It has always seemed to me that they ought to make it easy to be honest, at least!

AFTER all there're only two things to be done. The first is to have it frankly understood that all our representatives abroad shall be recruited from the ranks of the rich, which seems un-American, especially since so many fine young fellows, working up on their own resources, would be kept from rendering service they are well-fitted to render, and the government is deprived of their ambition and initiative. The second is for Congress to come to the rescue with more money for salaries and expenses so that we can use the talent these men would furnish. Fred is more contented in his present private job, and we have some of the luxuries that have lately grown to be necessities. Even so, he has some regrets, and I know he'd be happier if he were back at the task which he had so long hoped to make his life work."

*Not to see poetry in the machinery of this present age,
is not to see poetry in the life of the age. It is not to
believe in the age.*—GERALD STANLEY LEE.



Hiring and Firing as a Fine Art

Not Only an Art, but a Science, Thinks M. W. Alexander, Economic Engineer of the General Electric Company, Who Has the Figures to Prove It

DECORATIONS BY CHARLES E. HOWELL

EVERY employer is familiar with the succession of aggravating experiences that attend the replacement of a trained employee with a new one. Many persons must be examined before one is selected who is apparently fitted for the work; often the recruit proves unfit after he has served a short period, and the program of selection and training must be repeated. In any case there is a great waste of time and energy before the new employee acquires normal efficiency. These difficulties are common in industry and are accepted as a matter of course, every employer expecting that his efforts to maintain production will always be hampered by the necessity of training new help. And while most employers know that the aggravation is great, very few realize that much of it is absolutely unnecessary and that the expense involved is enormous.

It had been obvious to me for some time that much of the hiring and firing of employees was needless and that the money cost was considerable, but it did not seem wise to make any definite statement without a comprehensive investigation. I, therefore, secured all necessary data for a group of factories for the year 1912, the last industrially normal year in American industry, but confined myself to a single representative industry, in order to simplify analysis of the problem. The facts obtained related to small, medium-sized and large metal-working establishments, all of which operated under normal conditions and maintained practically continuous production throughout the year. The smallest of the factories investigated employs less than 300 persons, while the largest has more than 10,000 men and women on its payroll; the character of the employees ranged from highly skilled to entirely unskilled workers.

These are the amazing figures for this group of twelve factories scattered over six states:

Employees on payroll at the beginning of 1912.....	37,274
Employees on payroll at end of 1912.....	43,971
Increase in working force during 1912.....	6,697
Employees hired during 1912.....	42,571
Employees hired in excess of required increase.....	35,874

In other words: In order to maintain a total working force of 37,274 persons and to effect an increase of 6,697, it was necessary to engage 42,571, or about $6\frac{1}{2}$ times as

many people as constitute the increase of the working force.

Theoretically, only as many persons ought to have been hired as were needed permanently to increase the force; practical allowances, however, must be made to compensate for the following factors applicable to workers generally. It may be assumed:

(a) That 1% of the regular force of employees under investigation die within a year and must be replaced.

(b) That 4% are incapacitated for work by sickness for more than two weeks and must be replaced temporarily or permanently.

(c) That 8% withdraw from service from whatsoever reason or are discharged in the course of a year and must be replaced.

(d) That 8% of the normal force must be added for temporary work and for normal fluctuations in production.

(e) That 80% constitute a satisfactory efficiency of a hiring department.

It follows, therefore, that without any permanent increase in the working force, $26\frac{1}{4}\%$ of the total force



would have to be rehired during the year. The same allowances must be applied to the number of employees required to give a permanent increase in the working force.

Applying these factors to the problem in hand we find that the engagement of 13,843 persons, in addition to the 6,697 for permanent increase, or the total engagement of 20,540 persons, would have been justified to cover withdrawals by death, sickness, resignation and discharge,

and to allow for production fluctuations and practical employment results. But 42,571 persons, however, were engaged, or 22,031 above the apparently necessary requirements.

It is obviously impossible to determine with any degree of accuracy what amount of money is represented in this unnecessary hiring of over twenty-two thousand persons. The waste per person depends on his rate of wages, how



much training he requires, and whether errors made by him during his training involve damage to high or low priced tools or materials. Industrial managers who have hazarded a guess have made various estimates, ranging from \$30.00 to \$200.00 per person. In order to establish as closely as practicable the facts of the case, I divided the number of persons apparently unnecessarily hired into five groups, as follows:

	Total	New	Rehired
Group A, Highly skilled mechanics.....	2,781	2,031	750
Group B, Mechanics of ordinary skill and experience.....	3,818	2,787	1,031
Group C, Operatives requiring very little skill.....	7,388	5,393	1,995
Group D, Unskilled laborers.....	7,100	5,183	1,917
Group E, Shop clerical force.....	944	689	255
Total.....	22,031	16,083	5,948

The expense factors of hiring and training of employees in any group are:

- (a) Clerical expense in hiring department. (b) Instruction by foremen and assistants. (c) Increased wear and tear of apparatus. (d) Reduced rate of production. (e) Increased amount of spoiled work.

The following table shows the values assigned to each factor in each group; due weight having been given to the lesser expense for rehired employees:

Group	Hiring	Instruction	and Tear	Reduced Production	Spoiled Work	Total	Re-Hired Employees
A....	\$0.50	\$7.50	\$10.00	\$20.00	\$10.00	\$48.00	\$10.00
B....	.50	15.00	10.00	18.00	15.00	58.50	20.00
C....	.50	20.00	10.00	33.00	10.00	73.50	35.00
D....	.50	2.00	1.00	5.00	8.50	5.00
E....	.50	7.50	1.00	20.00	29.00	10.00

When these values are multiplied by the number of new and rehired employees in each group, the result shows that the apparently unnecessary engagement of 22,031 employees in one year in the twelve factories under investigation involved an economic waste of \$831,030.00! This amount will reach more than a million dollars if the reduced profits, increased overhead expenses due to reduced production, expense of physical examination and that due to abnormal accident occurrence common to green workers, are taken into consideration.

How can this economic waste and its attendant evils be curtailed or avoided in future? This is the important question. Five answers present themselves:

First: An unbiased study of employment and discharge statistics as the basis of remedial action.

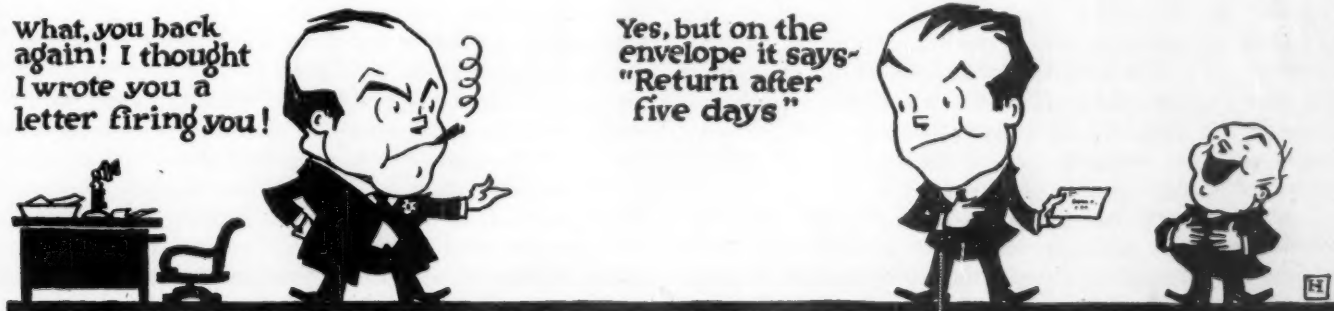
Second: High-grade men in charge of hiring departments and clothed with adequate authority. The work of selecting and applying various grades of men with their varying skill and experience, and the task of keeping them contented and efficient in their employment, is second only in importance to management of plant.

Third: Methods for proper guidance and training of employees, both in respect to their technical skill and their personal characteristics. This is a big job for a big-hearted, imaginative, fair and firm superintendent of employment, with a good understanding of human nature. Square pegs must be chosen for square holes; round pegs for round holes. Resourceful transferring of a man found unfit for one job but adapted for another, may save the man, prevent delays and waste and build up the prestige of the shop. Firing should be the last thing; fitting should be the important thing.

Fourth: Effective systems of apprenticeship for boys and girls and of specialized training courses for adults. Graduated apprentices are always the most skillful, productive and loyal class of workers; from their ranks are developed the most capable and expert workmen, foremen, superintendents and managers.

Fifth: Efforts to regulate commercial requirements so as to get fairly uniform production throughout the year.

Along these lines may be found the solution of a problem that looms larger as international competition becomes keener. Close analysis of the men and women whom we take into our employ, effective systems under which we train them in our work, fair treatment while they are in our service, and adequate methods to insure their dismissal only for justified cause or their voluntary withdrawal with no ill-feeling toward their employer—these are the essential factors in our problem of "hiring and firing" and must be our earnest concern lest we waste money in our business and sacrifice friendly relationship with our employees.



Irish Linen—Made in Oregon, U. S. A.

The Account of an Interesting Experiment by a State in Growing and Retting Fibre Flax

By ANSEL R. CLARK

CERTAIN districts of the United States have demonstrated that they can produce unlimited quantities of the highest grade of flax fibre which can be grown anywhere, and this fact is engaging the attention of business men in the lines affected throughout the United States. Commercial bodies, colleges, and private manufacturers are spending large sums of money in investigation and the United States Departments of Agriculture and Commerce have prepared reports and monographs bearing directly upon the subject.

Research work covering the flax situation is probably being carried on more widely in Oregon than in any other section, for the reason that it is in Oregon that it has been definitely demonstrated that the highest grade fibre can be easily produced. Taking the fibre of the famous Courtrai district of Belgium as a standard, the Oregon growers have obtained from their own soil its exact counterpart. Not once only have they done this; but repeatedly. Length, color, grade of strand and tensile strength have been exactly duplicated. The ease with which this has been accomplished is explained by the fact that the climatic conditions of Oregon closely approximate those of Belgium, while Oregon water is even softer, and therefore more desirable, than that of the Belgian streams.

Experimentation work in Oregon is being carried on at two points; near Salem, under the direction of the State Board of Control, and near Eugene, under the supervision of the Portland and Eugene Chambers of Commerce.

Two years ago the State of Oregon appropriated \$50,000 for flax experimentation. Machinery for threshing, breaking, scutching and hackling the fibre was purchased and set up in buildings already available at the state penitentiary. An ample supply of a good grade of seed was obtained and, under a semi-cooperative plan, many farmers in the immediate vicinity were encouraged to plant a limited area each, the whole amounting to several hundred acres. The planting and care of the crop was done under the direction of an expert supplied by the state. This plan was followed, chiefly to spread interest in flax growing among as large a number of farmers as possible; and secondly, to make a test of a number of varying soils. Variations were also made in the quantity of seed to the acre. In this way much valuable data was obtained which will govern future plantings.

The state purchased the crop from the farmers. By convict labor, it was spread on the ground for "dew-retting," the method followed almost entirely in Russia. This does not produce so fine a fibre as the Belgian

method known as, "water-" or "tank-retting," but the state, at that time, had not been able to install the proper tanks for the latter method. The straw was next

manufactured into fibre at the penitentiary plant and, with the exception of a liberal quantity reserved for sample demonstration purposes, the fibre and tow has been sold to various American manufacturers of linen cloth and upholstering and packing materials. Some of the straw was lost by unfavorable climatic conditions in the retting field and some by fire; but this was, on the whole, an inconsiderable quantity. Seed was also obtained for this year's planting.

Under somewhat the same arrangement as before, the state has this year arranged for the planting of

about six hundred acres of flax.

Following the state's experimentation last year, members of the Portland and Eugene Chambers of Commerce decided to further the work by additional efforts. They obtained the services of Eugene Basse, a Belgian expert, who has erected a mill and tanks for water-retting near Eugene, where Eugene farmers planted about two hundred acres this spring. This planting, in addition to that obtained by the state near Salem, will give Oregon about eight hundred acres of flax, which will be harvested in the fall, and then be manufactured into fibre.

The United States Department of Agriculture stated in 1915 that approximately two thousand acres were planted to fibre flax in this country. The product of fifty thousand acres is required to supply our normal annual need of about ten thousand tons of raw flax fibre (which is used almost exclusively in the manufacture of thread and twine). To supply the fibre from which to manufacture in the United States the linen fabrics we annually import from abroad (\$28,208,884.00 in 1913), we would require the product of four hundred thousand additional acres. Oregon, alone, has from three million to five million acres suitable for the growing of flax.

The flax plant has a comparatively tough and brittle core when cured. Running lengthwise of this core and enclosed about with a gelatinous or vegetable-gum covering are the fibres from which linen thread is spun. After being pulled or cut from the ground the straw is shocked and allowed to stand in the field until dry. The seed is then stripped off and the stalks or "straw" is spread upon the ground (in the case of dew-retting), and, by the action of the weather, the gelatinous substances which fasten the fibre to the core are allowed to decompose. (It is thus seen that "retting" is practically synonymous with "rotting").

The stalks in small bundles are passed through a "breaking" machine, which snaps or breaks the centra

EVERY year there is produced throughout the world approximately two billion pounds of flax fibre. Eighty per cent of this is grown in Russia; one-fourth of one per cent in the United States.

Of the world's 3,100,000 spindles, which reel this fibre into linen thread and twine, more than one-third of them are in Ireland. Only two and one-fourth per cent are in the United States.

The United States buys more linen fabrics than any other nation in the world. Practically all of it is imported from Europe.

core without injuring the fibre. The fibre containing broken bits of the core are next subjected to the blades of a revolving paddle, which beat the strands comparatively free of the broken core. Next the fibre is drawn over the "hackler," a steel comb of varying fineness of tooth, where the short strands are separated from the longer. The short strands, thus obtained in a tangled form become what it is commercially termed, "tow". Tow is sometimes further combed or hackled and is spun into poorer grades of linen yarn. More often it is used for packing and upholstering purposes. The longer fibres obtained from the hackler are ready for spinning into yarn of the finer grades or "counts".

The problem confronting the American flax grower is largely one of retting. This, as practiced in Europe, is a very tedious and disagreeable task. In the case of either dew-retting or water-retting (where the straw is immersed in either a tank or a running stream until sufficiently decomposed), the stench of the operation is, to put it mildly, anything but delightful. Also it involves a larger amount of hand labor than most critics think

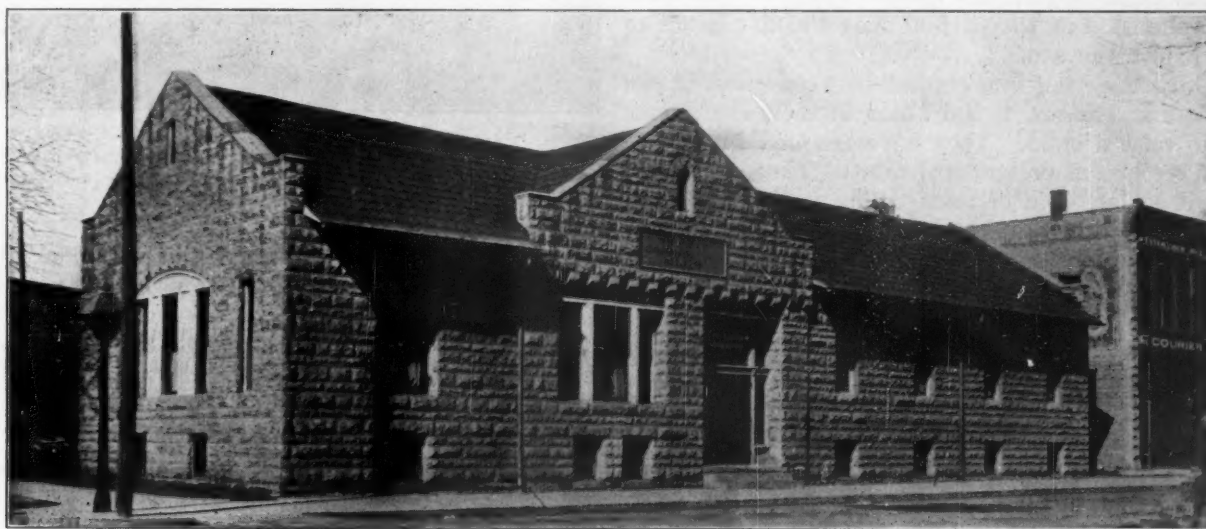
practicable in this country. The expense of this hand labor will, it is claimed, at least in the case of the poorer grades, render competition with cheap European labor impossible. This objection, however, in the case of Oregon, is met with the assertion that, by specializing upon the finer grades and by its special climatic advantages, a profit can, even competing with Europe, be made.

Other districts of the United States claim to have solved the retting problem in another way. They point to a certain few American linen companies who have carried on more or less exhaustive experiments with mechanical chemical retting and have thereby produced a fibre which, at least for the coarser grades, is equally as desirable as that produced by water or dew-retting. This experimentation is being extended and its supporters are confidently looking forward to a time when the finer grades of fibre can be obtained in this way. In the meantime the planting of fibre flax is being encouraged all over the United States with the State of Oregon ranking among the first in point of actual planting and experimentation with non-chemical retting.

Now, Out There In Kansas—!

This Time It's Forty-Two Cities Competing for a Thousand-Dollar Prize to Go to the One Which Proves Itself the Best Place in Which to Bring Up a Child

By J. WAINWRIGHT EVANS



© Brask

The Winfield, Kansas, Commercial Club. While deponent saith not, it is a safe guess that this organization had something to do with its town winning the \$1000 prize last year. Note the proximity of the club to the local newspaper—which is as it should be.

THE Ultimate Formula for Business Prosperity is reputed to be about as easy to find as was the Philosopher's Stone which the mediæval alchemists dreamed would transmute dross into gold, or as the Fountain of Youth for which Ponce de Leon searched Florida. Those old alchemists ought to have waited a few centuries and then tried Kansas; for Kansas today contains a body of very sane business men who are sure that they have discovered the real thing—worth two of the kind sought by the ancients, because it is sane and it works, and because it contains no Something for

Nothing nonsense, nor any other false theory of doing business.

In fact, so far is it removed from anything startling or wonderful that you don't see that it really is startling and wonderful till you have stopped to reflect on it a bit. In that respect it is just like any other vital matter. These business men in Kansas, with a fine mixture of spiritual insight and business acumen, are investing a lot of money—more and more of it—in the children of their respective towns. They are doing this in the faith that for the creation of material and spiritual prosperity



© Brask

While the children of other towns are enjoying a three months' vacation, Winfield provides summer classes in domestic science and manual arts.

nothing can equal an extensive investment of capital in the welfare and well-being of the coming generation.

If this sounds disappointingly simple the results are not. The business men who are giving it a trial are finding by experience that it is the ultimate recipe for business prosperity. They are trying it broiled, fricasseed, baked and boiled—according to taste; and—they're eating it up and calling for more.

They caught the notion recently from a certain energetic little man with a single-track mind. He is William A. McKeever, of the Extension Division in the State University. This McKeever person categorically denies that he is any known variety of crank, faddist or monomaniac. "Those who laugh at my Child Welfare ideas will presently be hiding their diminished heads," said he in explaining himself the other day. "I may not be a capitalist, but they'll find that I'm a captain of industry just the same."

The idea this year is a contest between cities of the third class in Kansas, to see which of them is the best place to raise a child. They have till next May. All you can see just at present is the dust. There are forty-two in it so far, each of them trying to lick the other forty-one; and others are coming on the run, stripping for action like the kids around the old swimming hole on a hot August day. And all the while the man who started the trouble sits back and licks his chops.

It is obvious, of course, that somebody is going to lose all three of those prizes, which range from a thousand dollars down; but what of it! Why worry your head about a thousand-dollar prize when you are going to

get it whether you lose it or not—so to speak and not to get mixed up. You see, the beauty of it is that by the time the town gets through scrubbing and shaving, and combing its hair and getting fitted to some new clothes, it will have an outfit that it wouldn't sell for a hundred such prizes. You drop your nickel in the slot and you get one cigar anyhow. If it's two or three, so much the better. It means a fifty per cent finer town, with a community spirit virtually impossible to attain on any other terms.

Just a rosy hope, say you? Well, Mr. McKeever has conducted a similar contest in 1914-15 between thirty-two Kansas cities of the second class; and he got results that sound fishy even when you read them in cold figures. The way people felt about it was well voiced by C. H. Kerr, Mayor of Independence, in a letter to Mr. McKeever after Independence had taken second place in the contest. He said, "The work done contributory to this contest has been worth many times more to our city than



© Brask

A happy combination of social and recreational activities at Winfield—hundreds drove miles to see the May-pole Dance, participated in by their children.

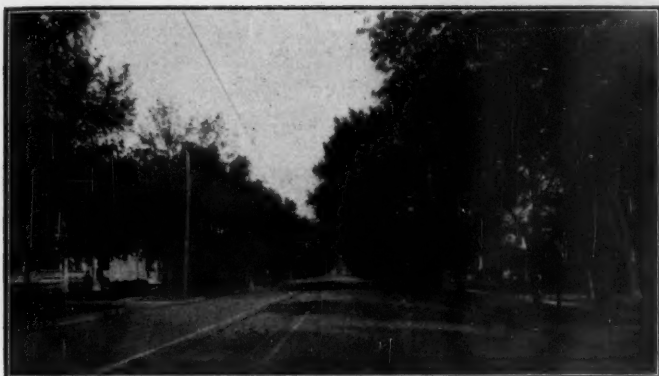
\$1,000. Your idea of a town conscience is the greatest thought that has developed in the State since prohibition became a reality."

One immediate result of that first contest was an increase in population for the towns that cleaned house. Farmers from the surrounding country flocked to such places by preference when they wanted to educate their



© Brask

This prize town of Winfield battled 100% in community music and musical training. A school orchestra of forty pieces composed of youngsters still in the pigtail stage plays Wagner and Meyerbeer to say nothing of Irving Berlin.



©Brask



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A residence and a business street of Winfield. These streets are typical of those in a hundred towns in the Middle West where civic pride runs high and a genuine community spirit prevails.

children. And there were a hundred other factors, such as the attracting of new business men, and a general stirring up of economic processes. Nothing succeeds like success. One progressive move begets another; and so it goes, rolling up like a snow-ball.

The contest is based on six general lines of activity, in all of which a contestant is expected to show considerable enterprise. They are: (1) Opportunities for Play and Athletics; (2) School Work and Industrial Training; (3) Social and Recreational Activities; (4) Physical and Moral Safeguards; (5) Activities of Child Fostering Clubs and Societies; (6) Attendance at Sunday-School and Kindred Organizations.

Each town is given a detailed list of thirty-two suggestions of what can be done along these six lines. It can then set itself to follow out the program as far as it is able—and some are very able indeed.

Under Play and Athletics comes provision for intelligently and systematically directed sport and recreation, to the end that every child, whether he be aggressive and strong or not, may have a chance. This work includes, besides supervision of school play, sports and athletic equipment, a general care of picnics, summer camps, excursions and the like, together with systematization of home play.

Great importance is attached to the efficiency of the schools, particularly in the proper teaching of industry of all kinds, such as domestic science, manual training, gardening, and the like.

Social Advantages include the Boy Scouts and the Camp Fire Girls;—the Y. M. and Y. W. C. A.;—church, social, and literary societies;—and social gatherings participated in by the whole community.

Among Moral and Physical Safeguards are counted such things as censorship and possible municipalizing of motion-picture shows;—instruction in social purity;—a specific, detailed and effective plan for keeping minors from using tobacco;—supervision or suppression of objectionable pool halls, skating rinks, etc.; a curfew law;—precautions against street and alley contamination of the young;—safeguards against contagious and infectious diseases;—status of drinking fountains; heating, lighting and ventilation of school buildings and the like;—a clean town, clean streets, painted public buildings, and general fitness for habitation.

Child Fostering Organizations include such things as parent teacher associations;—a committee to foster play-

ground activities;—child welfare activities on the part of the civic league;—child welfare activities by the Board of Education along lines other than those connected with traditional school matters;—all religious or other organizations offering direction to the young.

Among the most important points considered by the judges are such matters as the fight against the use of tobacco by minors, measures to prevent street and alley contamination of the young, and industrial opportunities for boys and girls.

Working the Government—Legitimately!

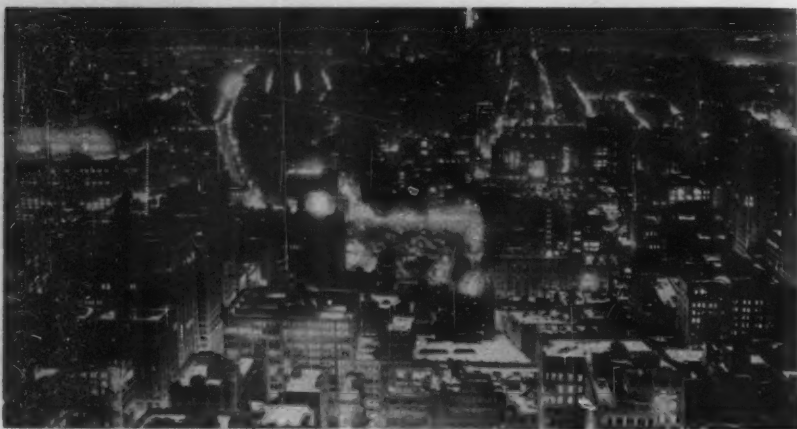
LUMBER mills having waste and manufacturers who formerly bought logs to make wooden novelties, have been introduced to each other by the Forest Service through the organization of a Wood Waste Exchange. Here is a typical introduction: A New York City factory which makes small bathroom cabinets and other plumbers' woodwork now obtains large quantities of its raw material from sawmill slabs, shorts, and the like. This saves the sawmill the expense of burning the waste, giving it a small profit instead, and also saves the novelty manufacturer real money because what was hitherto waste can be bought more cheaply than healthy logs.

In another case a Philadelphia firm which requires twenty-four tons of fine sawdust a month in the manufacture of a composition flooring, was introduced to a New York lumber company. This company now furnishes from its dump heap a large part of the twenty-four tons of fine sawdust. Both concerns report to have benefited by the introduction.

A manufacturer who has thrown away every year about seven carloads of paraffin and paper, recently asked the Bureau of Standards what could be done with the waste. The Bureau, after testing the paper, discovered that by decomposition the paraffin could be extracted, leaving a commercial pulp.

Harking back to introductions once more, the Bureau of Foreign and Domestic Commerce was recently informed by a South American business man that through connections formed while in the United States, he had sold more than \$250,000 worth of American goods in five months. The "introductions" were made by the Bureau.

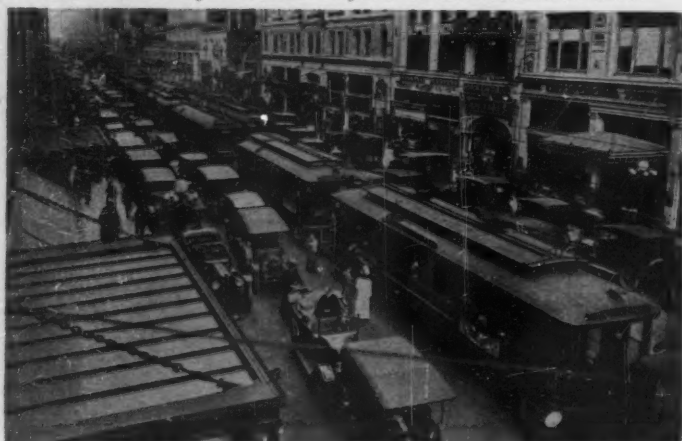
It is a wise business man who knows how to avail himself of the helps offered by his Government.



All of the light and power used in a city like New York could be generated within the borders of the state.



Water is here again requisitioned, this time to run the machines in a shirt factory. No one objects to the absence of soot.



A Los Angeles street railway operated by electricity brought from waterfalls 200 miles away.

Two upper photos courtesy The New York Edison Co.; others © Brown Bros.

How Man Has Made Falls for Him

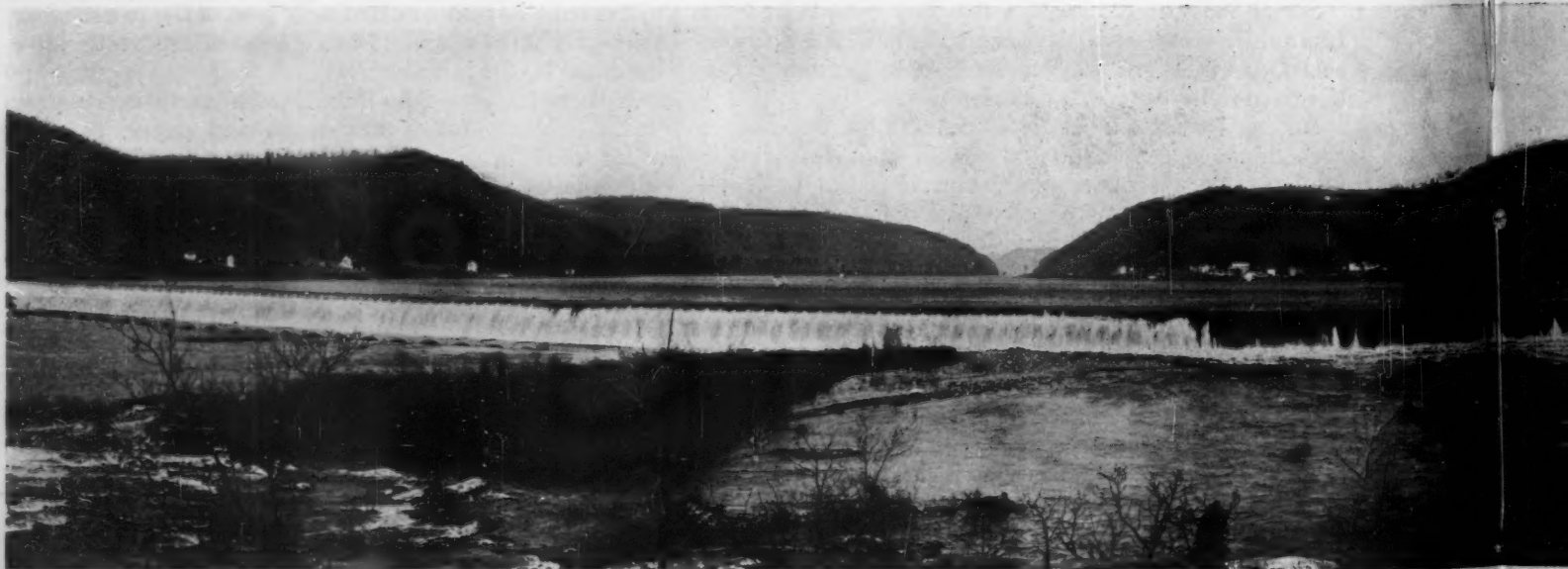
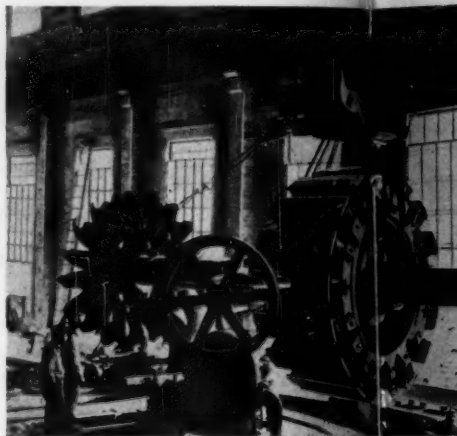
There's enough of this "white coal" undeveloped and going to waste to light all the streets, and heat all the homes of every city in the world. Water power is cleaner than steam power, and there are

In the loading and unloading of a ship, one man with this portable electric conveyor does the work of a whole line of men.



THEN AND NOW

A primitive use of the water wheel, while below it being dropped into place. The hydro electric power is being developed in tons. (Note the size of the man). A new water strikes the perfectly designed lifeless, every ounce of energy fully



In contrast with the old fashioned water wheel above, modern water power development requires capital, brains and energy. Here is shown the dam, power house,

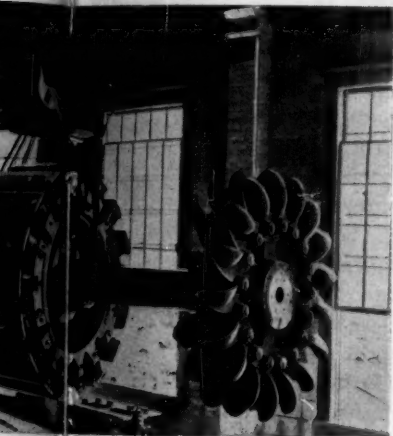
Made Falling Water Work for Him

undeveloped and going to waste to run all the street cars,
all the homes of every city in the United States.
ver, and where available, is cheaper and easier to handle.

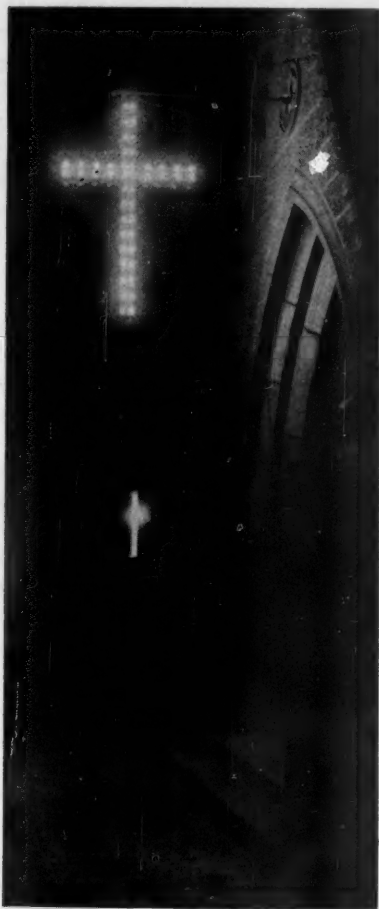


THEN AND NOW

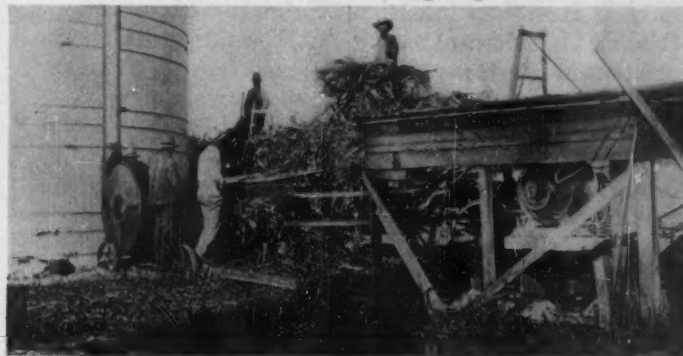
er wheel, while below the modern Pelton wheel
ce. The hydro electric unit weighs 64
ze of the man). A needle-like jet of
ne perfect designed cups, drops
ounce of energy fully utilized.



Churches also spread the light:
crosses and texts flash from
many religious edifices and
vie with other advertising
signs.



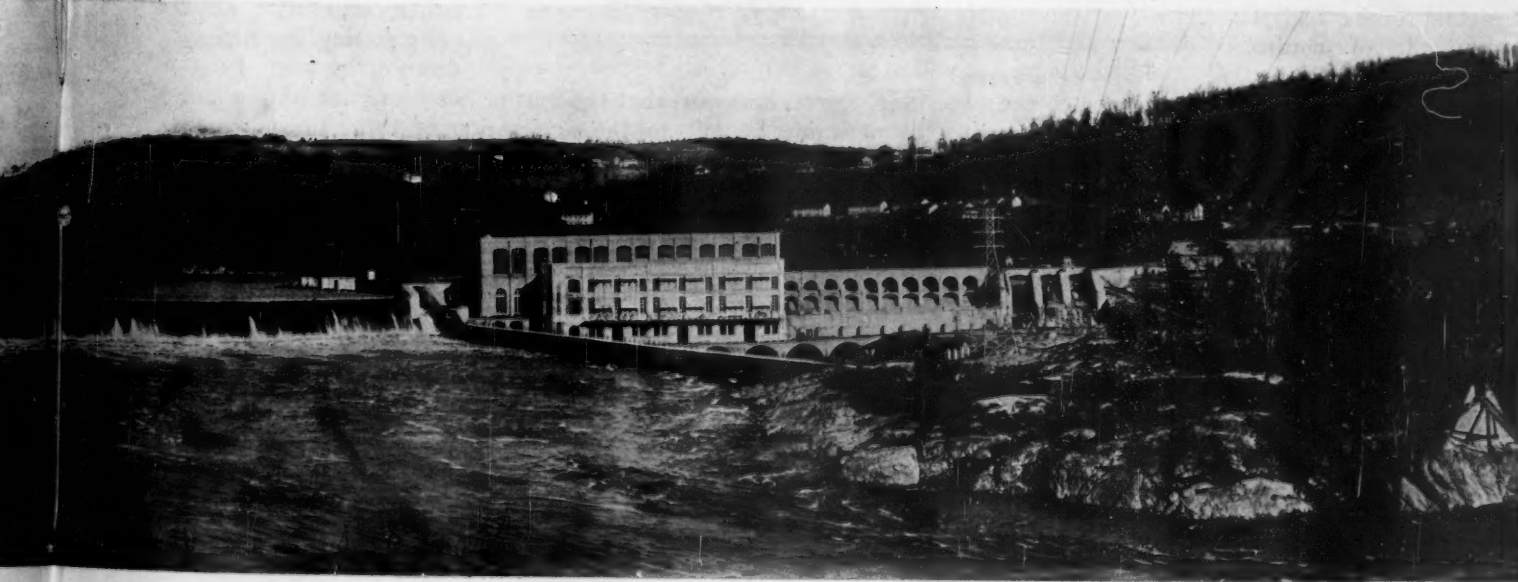
A store showing electrical appliances—lamps, foot-warmers, toasters,
percolators, stoves, washing-machines—and the store itself
is an example of modern electrical lighting.



A western farmer filling a silo by means of electric devices, using
power generated by water.



Heavy trains on the Milwaukee driven by Great Falls, Montana,
water. A year ago this picture would have shown 7 power-
ful steam locomotives.



, power house, stillway and transmission cables of the Holtwood plant of the Penn. Water & Power Co., which furnishes Baltimore with light, heat and power.

Men You Know—and Don't!

A New Yorker Who, Becoming Thin Chasing Crooks, Thereupon Chose to Sell Crocks and Who, on the Side, is a Bill Collector of no Mean International Reputation

By JAMES B. MORROW

IT would bother Oscar S. Straus to pay his taxes, were his negotiatory gift assessed at its actual value in money. Collecting ancient and difficult debts is another of his talents.

Concerning his excellence as a performer under the second item here mentioned, the testimony of Abdul Hamid II, Sultan of Turkey, until dethroned (dehorned, cattlemen would say), would be sufficient, if he is living, and, living, could be found and questioned.

Mr. Straus, an older generation will remember, is a lawyer. Americans of today think of him as a merchant and publicist. But long ago he studied and clerked in the office of Charles O'Connor, the great lawyer who defended Jefferson Davis, when indicted for treason; ended the rule and the grafting of the Tweed ring in New York; appeared for Samuel J. Tilden before the electoral commission and reluctantly ran for President himself, in 1872, as the candidate of those Democrats who could not believe that Horace Greeley had suddenly become a sound Democrat.

It was Charles O'Connor, retired from practice, who discovered the dunning genius and artistry of Mr. Straus. A bill of \$80,000 came to Charles O'Connor's closed desk for collection. It was a tough bill and a rough bill and the old lawyer was asked to do his worst. Though the face was eighty thousand, his client wrote, thirty thousand would be accepted as a settlement in full.

Mr. O'Connor in person took the bill to Mr. Straus, whom, liking as a student and a youth, he often visited in his barren office down the street. The figures of the compromise had to be stated, of course. "But get it all, if you can," said the skeptical Mr. O'Connor to the eager Mr. Straus. The bill was collected to the last penny, by a magic that later gained new business and opulent clients. A fee of \$10,000, spontaneously fixed and paid, ended the case.

So, in fact, began the law practice of Mr. Straus. Earnings previously had been small. Many years later, wealthy and famous, Mr. Straus visited the White House. William McKinley was President. Spain and Cuba were fighting and the smoke of battle was drifting over this country and into the eyes of its inhabitants.

The suzerainty of Spain over Cuba, it was thought by Mr. Straus, precisely as Turkey had nominal authority over Egypt, with Great Britain in actual control, might be brought about. Cuba could have its own money, its

own flag, its own army and its own government by the payment of a yearly tribute to Spain. The United States, in the plan of Mr. Straus, would compel lord and vassal, kingdom and island, to walk in the letter of the contract. Such arrangements had been made in Europe to save the faces of the larger nations.

"I want to prevent a war between this country and Spain," Mr. Straus said to the President. "I am not a peace-at-any-price man, however," he added, "and will do my part and shoulder a gun if it becomes necessary."

"If that is the way you feel," Mr. McKinley shrewdly answered, "I'll send you back to Turkey. There is serious and delicate work to be done in that country—work that can not be accomplished with a musket on your back."

For the second time, accordingly, Mr. Straus took up his residence in Constantinople, as the minister of the American republic. The serious business noted by President McKinley meant the massacre of many Armenian Christians and the destruction of missionary property to the value of \$90,000.

The Christians were dead—and they had been Turkish subjects anyway—but the missionary property, belonging to denominations in this country, could be restored or paid for. A swarm of collectors, from nations, banks

and manufactories, not to mention those from butcher shops and grocery stores, stood daily at the Sultan's door. They stood and towards evening they walked away. And the next morning they returned.

But Oscar Straus got in. "You can settle," he told the Sultan, "in either one of two ways—by paying the money down or by war. I sug-

gest, however, that the matter between your nation and mine be left to the arbitration of three unconcerned powers, but I warn you that if such a course is followed the arbitrators will fully investigate the Armenian massacres."

"I knew," Mr. Straus told me, as he sat in his library, on the walls of which hang the portraits of George Washington and Abraham Lincoln, "that the Sultan would not consent to such an inquiry because the slaughter of the Armenians had been worked up, just as the slaughter of the Jews is worked up in Russia."

"I'll pay the claim," the Sultan said, when he saw the deadly angle into which he had been maneuvered.

But he did not pay then and twice afterward he broke his promises. The swarm at the door made room



for the friendly-eyed but iron-willed American whenever they saw him approaching. Nor were his reappearances far between. There dawned a day by-and-by on which he bore the money away in his pocket. The dun, one of the most brilliant in modern diplomacy of finance, had been successful. The prophet, though dead for centuries, must have clawed his beard in astonishment.

Once before had Mr. Straus outplayed the Turk on his own home ground in Constantinople. It was while Mr. Cleveland was President. Fifty missionary schools had been closed by the Turkish authorities and colporteurs had been prohibited from distributing Bibles and tracts. Mr. Straus, though a fine Jew, is also a fine lawyer and a fine strategist.

Occasionally, the colporteurs informed him, they sold a Bible or a tract to a heathen who was willing to pay for it. Such a transaction, Mr. Straus held, was essentially commercial. To outlaw it, as had been done, would be a violation of a solemn treaty as to trading rights between the United States and Turkey, properly signed and ratified by both countries.

In diplomacy, the protest sent to the Sultan was called a state paper. Mr. Straus, however, refers to it as a lawyer's brief. Whatever it may have been, it opened the shut doors of the missionary schools and again sent the colporteurs "into the highways and hedges," as commanded in the Scriptures. Mr. Cleveland wrote his minister a note of congratulation. Lord Salisbury conveyed to him the thanks of the Evangelical Alliance of Great Britain.

STRAUSZ, translated into English, is bouquet or nose-gay. At one time every man in the world was without a surname. Isaac was no more, socially or politically, than the son of Abraham or Solomon. The Jew was the last man to be identified by a double name—one personal and the other progenitorial. Lazarus—neither the beggar nor the one raised from the dead—was the paternal ancestor of Mr. Straus.

The son of this man, Jacob, was a delegate to the assembly of Jewish nobles, called by Napoleon to meet at Paris in 1806 to consider the restoration of the Jew's rights as a citizen of France. Jacob, on the roll, was Jacob Lazare—that is, Jacob whose father was Lazarus. But the time had come when Jacob felt the need of a name of his own. So he struck off the z from the

German word *strausz*, capitalized the S and appropriated what was left to his own use.

There was also a Lazarus, then called Straus, besides, in 1848. He had a landed estate in Bavaria, but he slipped away to this country, being a revolutionist, and settled at Talbotton in Georgia, where he opened a store with goods purchased on credit in Philadelphia. Isidore his eldest son, who was lost when the *Titanic* foundered, was nine years old; Nathan, the great New York merchant, was six years old, and Oscar Solomon, who was one day to be a member of the President's Cabinet, was three years old.

The family was poor, but food was cheap and the mother made clothing for her sons and knit their stockings. Lazarus Straus, the father, battling for a living in a strange country, a man of courage and principles, took an openly hostile stand against slavery and that was one of the causes for his moving to Columbus, in the same State and a much larger town than Talbotton.

Near the close of the Civil War, Lazarus Straus owed Morton, Bliss and Company of New York, \$3,000. The Morton of the firm, Levi P., once Vice-president of the United States, is living yet. Lazarus Straus went to New York to see about the debt. Oscar, his son, accompanied him. Since then none of the Strauses has had his home in Georgia.

"I have \$30,000 worth of cotton in Liverpool that got through the blockade,"

Lazarus Straus told George Bliss. "When it is sold, I'll pay all that I owe you."

"You can settle now," George Bliss replied, "at ten cents on the dollar."

"And disgrace my children!" Lazarus exclaimed. "No; I'll give you every cent that is coming to you."

The debt was paid in time and Lazarus Straus rented a little store and embarked in the crockery trade. In those days only the plainest and cheapest kinds of white and yellow ware were made in this country. It was not long before L. Straus and Sons became importers. Oscar Straus remained in the business until ten years ago.

"My father was a careful man with money," he told me, "but he always said that education was a profitable and solid investment. Isidore, my brother, was competent to be the secretary of John E. Ward, a distinguished southerner, who was sent to England as an agent of the Confederate government. Nathan, my



© Underwood & Underwood

If Uncle Sam has an overdue bill owing him anywhere among bankrupt or dead-beat nations this man will get a leave of absence and collect it joyfully.

other brother, was graduated at Packard's Business College. I entered Columbia University and at twenty-one received my degree. Stuyvesant Fish, formerly president of the Illinois Central Railroad, was among my classmates. Brander Matthews, the novelist, critic and dramatist, ran against me for class poet and was defeated."

Simon Stern, Daniel Thompson and Oscar S. Straus formed a partnership as lawyers, and, forty-three years



ago, prosecuted certain transportation corporations for discriminatory practices in the matter of freight rates. A committee had been appointed, under an act of the State legislature, to investigate the accusations against the railroads. A. Barton Hepburn, now chairman of the board of directors of the Chase National Bank, was placed at the head of the committee.

Mr. Straus and his partners volunteered to act without compensation as counselors for the investigators. Testimony was taken for nine months. Commodore Vanderbilt and Jay Gould were on the witness stand for many days at one time and another. When Mr. Straus was reduced to ninety-nine pounds in weight, gross, he went to see a physician. "You will die," the doctor said, "unless you change your work."

Meanwhile, the general practice of the three lawyers had gone to smash because of neglect. The legislature, however, voted them an honorarium of \$10,000. Lazarus Straus, and Isidore and Nathan, had urged Oscar to join them in the crockery business. So, after eight years at the bar of New York, he became a merchant.

WHY are Jews," I asked him, "so uniformly successful in business?"

"While we lived at Talbotton," Mr. Straus answered, "my father sent me to a Baptist Sunday school—there was no other in the village. He said he would rather have me go among the Baptists than not to receive any religious instruction at all. Throughout my life I have had friendships and relations with men of different races and beliefs. I think, therefore, that I can look at the Jew in the same state of mind that a judge looks at the law.

"The success of the Jews as traders and men of business has been greatly overdrawn. Their wealth, too, has been exaggerated. You will find neither a John D. Rockefeller nor an Andrew Carnegie among the Jews of the United States.

"No matter what the opinion of the world may be, the Jew is a broad-minded man. He spends much and gives much and his means, accordingly, are overes-

timated. First of all, he is said to be a trader, but other races forget that he has not been free to choose his occupation.

"Europe drove the Jew out of agriculture. The mechanical crafts were closed to him. Persecuted as they were, hemmed in as to their means of gaining a living, legislated against and robbed of what they had, the Jews were compelled to adjust themselves to circumstances and to accept such narrow opportunities as were open to them.

"Instead of the Jew being a natural barterer he is the most spiritual man in the world. He has been pounded by the ages, despoiled and massacred, but he yields neither his traditions nor his ideals. Had he been materialistic, he would have sold out long ago and bought peace.

"Were he to join the Greek Church, he would be safe in Russia. Rather than do that, he will walk into the jaws of hell. If I were to choose a family that would live, I would have it endure hardships and persecutions. If I were to choose one to die, I would give it pleasures and luxuries.

"The Jew, denied his civil rights, pillaged of his property, scourged and murdered, has only been made tougher and braver. His enemies have given him strength and trained him most thoroughly for the battle of life, no matter to what part of the world fate may lead him."

"And the signs on Broadway," I said, "prove that he is making headway in the United States."

"Your view is purely Christian and superficial, besides," Mr. Straus answered. "You slur over the facts. Years ago, Americans did the rough and heavy work of the nation. Then appeared the Irish and the Americans moved up. By and by the Italians swarmed in through our open gates and the Irish climbed out of the trenches and into other jobs.

"When Broadway was much shorter than it is now, all the names on the signs were American. But those



old-time merchants, growing opulent, ceased to keep shops and went into banks and manufactories. Now the Jews have their stores. In a generation the signs that hang and swing in Broadway will be down and others will be up. Perhaps the names on them will be Italian or Greek. No race falls back in this country, but each being industrious, ambitious and prudent, goes onward to better things."

WHILE Mr. Straus has been the author of seven books and while he practiced law for eight years in the city of New York and was a merchant for a quarter of a century, he is, more than all (Concluded on page 31)

Foreign Trade the Great Stabilizer

The Bureau of Foreign and Domestic Commerce and the Federal Trade Commission
Tell Why Foreign Trade is Good
for the Little Business Man



© Clinedinst

E. E. Pratt

WHY on earth should a retailer doing business in Fort Wayne, Indiana, be interested in foreign trade? What does it mean to me that 'we' are striving to gain a foothold in the markets of the world? I don't expect to sell alarm clocks in Buenos Aires or Shanghai. I don't see why it will do me any good to have our exports increased and despatched to the four

corners of the world. I want to know."

This perfectly reasonable inquiry from an intelligent American business man is a sample of many similar inquiries which come to the National Chamber of Commerce. From another angle, the question is put: Why more foreign trade when it means only a bigger navy to protect it?

"I don't believe that this retailer, or any retailer, expects to benefit directly by an increased foreign trade," said Dr. E. E. Pratt, Chief of the Bureau of Foreign and Domestic Commerce, when the Fort Wayne dealer's question was shown to him. "He wants to know what difference it will make in his business if more foreign orders are placed in this country." And Chairman Edward N. Hurley, of the Federal Trade Commission, showed his understanding of this attitude when the question was put up to him. "The trouble is," said Mr. Hurley, "that the American people think too locally. For instance, an Englishman coming home in the evening says to his wife, 'I'm going to Australia on business for a few months.' There is no fuss, and he goes. But take the average American business man; if he tells his wife that he has to go to Europe or San Francisco, there is the deuce to pay. We do not think nationally."

But the problem is still unsolved: What does foreign trade mean in terms of prosperity, in cold figures of profit and loss, to the small business man, who is the great average common denominator in the business calculations of the United States? Let Dr. Pratt furnish part of the answer.

"It will make just the same difference," he says, "that additional domestic orders would make—just so much additional prosperity, in which all retailers are keenly interested. Hasn't the fact that two billion dollars more in foreign orders came to us in 1916 than in 1913 some significance for every man in the United States? It has, if we consider that these exports consist of cotton, wheat, corn, flour, iron and steel manufactures, coal, lumber, agricultural implements, boots, and shoes, cotton goods, woolen goods, canned goods, and a host of others. These

exported goods are grown in the same fields with the products that are marketed at home, are mined from the same mines, are cut from the same forests, are smelted in the same blast furnaces, are manufactured in the same factories, are hauled on the same railways. It is only when they reach the seaboard that they cease to be a part of our domestic trade. So additional orders from abroad will

bring additional prosperity to any district, just as additional domestic orders do. And of course the retailer, and everybody else, is interested in additional prosperity.

"But foreign trade does a lot more than bring added prosperity. It tends to stabilize domestic conditions. The reasons are simple. Why is it that we have ups and downs? Why is it that one year the retailer does a rushing business and the next year is barely scraping along? Why is it that this fluctuation is greater in some sections than in others? It is because some sections depend largely upon one or two agricultural crops. A good crop means prosperity; a bad crop depression. But suppose the manufacturers who sell their products in these districts extend their markets into a number of foreign countries. Then they will not be obliged ever to do all their selling in depressed markets, for it is unlikely that the United States, Canada, Australia, India, South Africa, Argentina, Uruguay, and Russia will all have wheat failures, for instance, the same year; for while Russian and South American crops may fail, American crops, and perhaps those of Canada and India, may be abundant. Hence our manufacturers, if they are dealing in all these markets, will have a fairly constant demand for their goods. The greater the number of markets the manufacturer is supplying, the steadier is likely to be the sale of his products. And the steadier the sale of the products from any district, the steadier will be the prosperity of that district, for the retailer and for every one else."

On this same point Chairman Hurley says:

"So rapid has been the expansion of American business during the year that the public is unable to realize the great advantage it will be to the nation as a whole. This business expansion is placing the United States in the forefront among exporting nations and giving it a control of the financing and producing forces of the world which other nations have spent many decades in building up. This prosperity is an advantage not merely to those businesses which are benefitting directly, but to the great masses of the American people who are employed in



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Edward N. Hurley

these industries or who benefit indirectly by everything which increases national prosperity. Do we realize the importance of our position? Are we doing all that we should to increase efficiency in production, to standardize our products and processes, and to perfect our selling organizations?"

Taking up specifically the question of the average inland retailer who does not realize how he would benefit by the building up of our foreign export trade, Mr. Hurley says, "take any retailer who may have a shop in a western city. There is a factory in that town. There is no market for the exports of that factory. It depends on domestic consumption. The mill is working at only 75 per cent of its output. Again, the same mill, export trade having been developed, is working at 100 per cent of its output. Its employees are on full time, getting full wages and increases. They are spending more money. Ergo, the retailer benefits by our export trade."

"Then there is another point. Suppose the case of a mill depending entirely upon domestic consumption. One year the crops are bad. That means less money. On the other hand, if the mill is exporting large quantities of its products the bad crops in the United States will not hurt the capacity of that mill. In other words, foreign trade stabilizes our domestic conditions."

No better illustration of the effect of diversified markets upon the stability of an industry can be made than that seen in the continued prosperity of the automobile industry and in the continued prosperity of the districts where automobiles are produced in considerable quantities. Cars are sold in all parts of the United States and there is an important foreign trade in automobiles. During the depression in the Southern States the great wheat-growing States were prosperous. The result was that the automobile business never faltered. Some years there may be hard times in the wheat-growing

belt, and then very likely the cotton belt and the fruit growing states will keep things humming in the motor-car business. And stagnation in this industry will be even more remote if a good trade is built up in a number of good foreign markets. The more markets the more stable the prosperity of the industry. Exactly the same reasoning holds good for every other industry.

To the manufacturer, moreover, foreign trade means something more than additional orders and greater stability. There are very few factories in the United States that are producing at anything like full capacity. The average factory is probably producing at something like 75 per cent capacity. If the manufacturer could find a steady and reliable outlet for this additional 25 per cent capacity, he would be able not only to lower his prices but to reduce his overhead considerably. It is hardly necessary to point out that this would benefit the community in which the manufacturer is located, and thus have a beneficial if indirect effect upon the retailer.

To sum it up:

"Since foreign trade," states Dr. Pratt, "brings additional business to a district, since it stabilizes business conditions in that district, since it helps to put the industries on a more efficient and economical basis, there is every reason why the retailers in that district, why everybody in that district, should be interested in such trade."

"American business men," states Commissioner Hurley, "must cease to think selfishly or even provincially; they must think nationally and internationally. If we are to be factors in the world's markets our vision must be broadened; we must cease to think merely of local conditions. We must follow the development of European countries and pool our governmental and commercial forces for domestic prosperity and success abroad."

Absorbing the World's Gold Production

Some of the Problems Involved Discussed in an Old-fashioned Question and Answer Interview with W. P. G. Harding, Governor of the Federal Reserve Board

FEAR has frequently been expressed that the lowering of the reserve requirements under the Federal Reserve Act in addition to the unexpected abnormal increase in our gold supply, would cause inflation of credits, leading to dangerous speculative conditions. But it must be remembered that the Federal Reserve banks are not permitted, under the law, to discount paper secured by stocks and bonds (other than United State Government bonds) as collateral, and the Federal Reserve Board and the Federal Reserve banks have constantly warned banks and the public against the danger of inflation. The banks generally have practiced conservatism, and the public, appreciating the uncertainties of the future, has not thus far developed a speculative spirit.

There has been expansion, but not inflation. There is a wide difference in the meaning of these two words; expansion signifies enlargement, growth; inflation means undue expansion. The deposits and loans of the country's

banks show great expansion in the last two years, reflecting the growth and prosperity of the country, but as loans have not increased at the same rate as deposits or cash reserves, there is no evidence of inflation. This view is confirmed by national bank figures, compiled from the Comptroller's calls of the dates given:

(In millions of dollars)

Date of Comptroller's Call	Individual deposits	Loans	Total reserve**	Ratio of reserve to loans
June 30, 1914.....	6,258.7	6,430.1	1,546.2	24.0
June 23, 1915.....	6,453.8*	6,660.0	1,840.3	27.6
May 1, 1916.....	7,975.3*	7,606.4	2,160.4	28.4
June 30, 1916.....	7,981.7*	7,679.1	2,076.4	26.0

*Aggregate of time and demand deposits, exclusive of U. S. deposits, postal savings deposits and State and municipal deposits.

**Old basis, in use before the enactment of the Federal Reserve Act.

On June 30, 1916, it will be seen that the national banks of the country had \$300,000,000 less in loans than their deposits, and that the ratio of their reserves to loans was 26.0 as compared with 24.0, the figure before the outbreak of the war.

The falling off in reserves from May 1 to June 30, 1916, is accounted for by the loss of \$275,000,000 in bank deposits. It should be borne in mind also that the statement of June 30, 1916, reflects conditions after transfer from banks to the United States Treasury and sub-Treasury, incident to Internal Revenue collections.

Will our gold supply continue to increase while the European war lasts?

While we can estimate the balance of trade in our favor arising from the excess exports over imports, the extent to which that balance will be loaned back to European nations or will be invested in buying back our own securities heretofore owned in Europe is not so easily determined. Present indications are that during the war the balance of trade in our favor will continue to be very large. That much of this will be absorbed in loans to European powers and in buying back American and other securities held in Europe is reasonably certain, but it may be assumed that our gold supply will continue to increase as long as the war lasts.

What is the present supply of gold in the United States and its significance?

The stock of gold bullion and coin in the United States:

January 1, 1916.....	\$2,312,444,000
August 1, 1916.....	2,500,000,000

Increase for 7 months ending

July 31, 1916.....	\$187,786,000
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Of the total amount in the country August 1, 1916, there was:

Held in the United States Treasury.	\$1,858,968,000
By Federal Reserve Banks and Agents	9,102,000
By banks and in circulation.....	632,160,000

Of the gold held in the Treasury, by far the larger part is held as cover for the gold certificates, and the gold holdings of the Federal Reserve Banks and Agents are mainly in the form of gold certificates, the amount of such certificates held on August 4th, 1916, being \$459,246,000.

The total estimated net gain during ten years ending January 1, 1916, in gold for monetary purposes was \$859,323,400, as follows:

Gain through

Domestic production.....	\$ 947,377,400
Net imports.....	311,473,000
	<hr/>
	\$1,258,850,000

Deduct amounts used in manufacturing and the arts.....

399,527,000

Leaving additional amount available for monetary purposes.....	\$ 859,323,400
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It is estimated that during the first seven months of 1916 there was an increase in the stock of gold for monetary

purposes in this country of something more than \$175,000,000 from net imports alone, leaving out of consideration the gain from domestic production, the figures for which are not yet available.

The gold production of the world in 1914 was \$455,700,000, which is just about the average amount for the past eight years. Domestic production in the United States, including Alaska, has averaged about \$95,000,000 for the past 10 years, and reached \$101,000,000 in 1915. South African production has averaged about \$175,000,600 for 10 years past and increased to \$206,900,000 in 1915. During the ten years, 1906-1915 inclusive, the total net imports of gold into this country were, as above stated, \$311,473,000 but in 1908, 1909, 1913, and 1914, our exports of gold exceeded imports by approximately \$31,000,000, \$88,000,000, \$28,000,000, and \$165,000,000, respectively. In 1906, 1907, 1911, and 1912, our imports exceeded exports by \$76,000,000, \$88,000,000, \$20,000,000, and \$19,000,000, respectively, while in 1910 there was almost an even balance, net imports amounting to \$448,000. In 1915, our total net imports of gold amounted to \$420,000,000, which added to our domestic production of about \$100,000,000, resulted in a net increase in our gold stock of about \$520,000,000 during the year. The indications are that our increase for the current year, 1916, will exceed \$450,000,000 and that we shall thus again absorb the equivalent of the world's production for the year.

Can we hold our gold supply when the European war is over?

There is no reason to think that we can maintain our present command of the world's gold production after the close of the war in Europe, nor does it appear desirable that we should. Our efforts should be directed rather to the proper control of its outflow, so that the readjustment of gold stocks throughout the world may be accomplished without undue disturbance to our own financial institutions, and in such a way as to enlarge our influence in international commerce.

It is clear that our trade relations with other countries will have an important bearing upon the course our surplus gold will take, and the foreign branches of American banks, which, under the provisions of the Federal Reserve Act, are permitted to be established, will be of great assistance through their financing of shipments of goods to and from the United States. The power the national banks now have (and some state banks and Trust Companies as well) to accept against imports and exports, and the ability of the Federal Reserve Banks to purchase these acceptances, not only facilitates trade relations with other countries, but gives us better control over our gold supply, the movement of which can be regulated by the discount rates.

What will be the effect of the Senate amendment permitting rediscount of acceptances based upon domestic trade and secured by shipping documents?

The Senate amendment as reported by the Conference Committee, permits any member bank to accept

drafts or bills of exchange drawn upon it, "which grow out of transactions involving the domestic shipment of goods, provided shipping documents conveying or securing title are attached at the time of acceptance; or which are secured at the time of acceptance by a warehouse receipt or other such document conveying or securing title covering readily marketable staples." Such acceptances would be eligible for discount or purchase by Federal Reserve Banks. This amendment will provide additional facilities which may, at times, be of great service in the movement of crops, and which will give a healthy stimulus to domestic commerce.

The amendment provides further that no bank shall accept bills "to an amount equal at any one time in the aggregate to more than one-half of its unimpaired paid-up capital stock and surplus, except by authority of the Federal Reserve Board under such general regulations as said Board may prescribe, but not to exceed the capital stock and surplus of such bank, and such regulations shall apply to all banks alike, regardless of the amount of their capital stock and surplus." Each

Federal Reserve Bank fixes its own rates, subject to the approval of the Federal Reserve Board, and any danger of inflation which may arise from an excessive use of the acceptance privilege on the part of banks in any of the districts, may be avoided by a wise exercise of the power to fix discount rates.

What was the reason for the recent increase in these discount rates?

There has been no material change in discount or interest rates during the present year, except in the call loan rates in New York City during June. This temporary advance was due, probably, to the income tax payments to the Government. We are now approaching the once dreaded crop-moving period, but the banks continue to be well supplied with funds and there seems to be no reason to anticipate any important changes in rates during the present year.

A Single Argentine Herd Headed for Europe's Meat Markets



THAT the supremacy of the United States in the production and exportation of cattle and meat products is threatened by South America is the opinion of the Department of Agriculture experts who have recently completed an exhaustive investigation of the world's meat markets. As a consequence of the war, the beef exports of Argentina, Brazil and Uruguay have made tremendous strides. Even before

the war, however, Argentina and Uruguay together exported thirty-six per cent of the world's exports of meat and meat products, while in that year (1912) the United States meat exports totalled thirty-one and one-tenth per cent. American cattlemen may get a grain of comfort from the fact that the present high prices of meat have led Argentine cattlemen to slaughter to the limit, thereby, preventing the increase of the

herds. One expert testifies "while statistics show that Argentina is already slaughtering today to the limit of its present stock of cattle, that country has such great resources for cattle raising that it is easily possible for the stock raisers to bring about a large increase in the meat output if the present prices are maintained." In Brazil, too, more attention than ever before is being paid to the cattle industry.

Bargaining for the Danish West Indies

By HENRY CABOT LODGE

Senator from Massachusetts and Member of the Foreign Relations Committee

THE proposed purchase of the Danish West Indies has raised many inquiries as to the nature of the property to be acquired and the opportunity the islands present for the American business man. The territory scarcely equals 150 square miles and is naturally restricted in its commercial possibilities. Nevertheless, although business there is now practically at a standstill as a result of the European war, American merchants during the fiscal year just closed exported \$922,000 worth of products to the islands out of a total foreign trade of about \$1,500,000. Under American protection, the development of the resources of these possessions would naturally follow, and the islands would, it is estimated, in a short time be consumers of more than \$2,000,000 worth of American products.

There are few American investments in

the islands, but those that are there have been very profitable. Two American brothers purchased several cane plantations on St. Croix a few years ago, discarded the antiquated windmills, and introduced steam and American machinery to grind the cane. They quickly became the leading sugar producers of the islands. As the soil of the Danish Indies is peculiarly well adapted to cane, the islands can be expected to raise considerable revenue under the protection of an American tariff. Such has been the experience of Porto Rico, but thirty-five miles distant from St. Thomas. At present, however, only 17,000 acres out of a total acreage of 51,980 in St. Croix is planted to sugar cane, the remainder of the land being unoccupied or devoted to pasturage. Approximately 50,000 gallons of rum, one of the main products of the island and a by-

product of the sugar industry, is produced yearly.

There is also opportunity to develop the production of mahogany; and besides the bay tree, from which we get bay rum, one of the principal products of the islands, lime trees have been found suitable for culture. An American company has recently planted more than 100,000 lime trees on St. Johns.

Prosperity after the war should mean an increase in exports from the United States. The islands have always turned to the American manufacturer and business man for flour, dairy products, coal and lumber. During the fiscal year just closed such products were purchased in our markets to the extent of more than \$700,000. Europe has hitherto dominated the dry-goods business, leaving the provision trade to America.—*Editor.*

I HAVE always advocated the purchase by this Government of the Danish West Indies, both as a commercial and as a military asset to the United States. Today, with negotiations again in process, I am, if anything, more earnestly in favor of such an agreement. The arguments in favor of the possession of these Islands can be briefly stated, and appear to be unanswerable.

So long as these islands are in the market there is always the danger that some European power may purchase or try to purchase them. This would be an infraction of the Monroe Doctrine, and would at once involve the United States in a serious difficulty with the European power which sought possession of the islands. In the interest of peace, it is of great importance that these islands should pass into the hands of the United States and cease to be a possible source of foreign complications, which might easily lead to war.

From a military point of view their value to the United States can hardly be overestimated. We have always been anxious to have a good naval and coaling station in the West Indies. Important in time of peace, such a station would be essential to our safety in time of war. Successive administrations have labored to secure a West Indian naval station. During the war of the rebellion the United States leased the harbor of St. Nicholas from Hayti for this purpose. General Grant endeavored during his Presidency to secure Samana Bay. The effort to obtain the Danish Islands, as is well known, was begun by Mr. Seward during the Presidency of Abraham Lincoln. The fine harbor of St. Thomas fulfills all the required naval and military conditions.

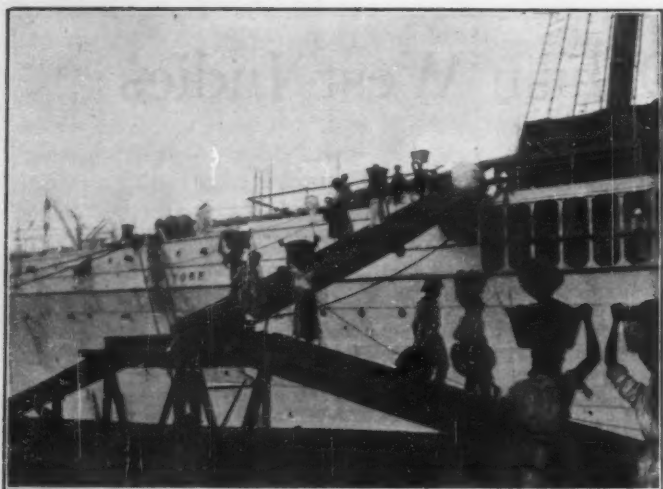
As has been pointed out by Captain Mahan, it is one of the strategic points in the West Indies. The population of the three islands is only 35,000, of whom the vast majority are negroes, the others being chiefly of English or Danish extraction. There is no possibility of any material increase in the population, and annexation would

never involve at any time the troublesome question of Statehood. The Danish Islands could easily be governed as a Territory—could easily be defended from attack, occupy a commanding strategic position, and are of incalculable value to the United States, not only as a part of national defense, but as removing by their possession a very probable cause of foreign complications.

The first negotiations of the United States for the purchase of the Danish West Indies were begun by Mr. Seward, then Secretary of State, in January, 1865, at least so it was supposed. There is mention in contemporary pamphlets of a dinner party at the French Embassy, where Mr. Seward first expressed to General Raaslof, the Danish charge d'affairs, the desire of the United States to buy the Danish Islands in the Antilles. Afterwards other conferences followed, Mr. Seward urging the Danish minister, who replied that Denmark had no desire to sell the islands. Great secrecy was insisted upon and preserved.

Late in the same year Mr. Seward made a journey South for his health and during his absence visited St. Thomas. He became convinced of the necessity of the purchase. On his return he pressed General Raaslof to name a price and the Danish minister in turn demanded that, as the United States wished to buy and not Denmark to sell, an offer should be made by the American Government. Finally, on July 17, 1866, as General Raaslof was leaving for Copenhagen, Mr. Seward delivered to him a note offering, on behalf of the United States \$5,000,000 for the three Danish Islands, St. Thomas, St. John, and Santa Cruz. Soon after General Raaslof reached Copenhagen he was appointed minister of war, and, in the work of reorganizing the Danish army, lost sight of affairs in America.

Count Frijs, the Danish minister for foreign affairs, who consequently now had charge of the negotiations, was in favor of the sale, but still the affair dragged until January 19, 1867, when Mr. Yeaman, United States



Natives coaling a ship at St. Thomas. It has been hard picking for them since the war started, as few ships have put in for coal.

minister at Copenhagen, received the following telegram from Mr. Seward: "Tell Raaslof haste important." However, nothing was done for two months. Denmark felt a good deal of hesitation, owing to the uncertainty of the treaty being ratified by the Senate, but she became more assured by the absence of opposition in the United States to the purchase scheme and by the speedy ratification of the Alaska purchase treaty. Nevertheless, at the end of two months Mr. Seward telegraphed again to Mr. Yeaman, "Want yea or nay now." Mr. Yeaman at once communicated with General Raaslof, but it was not until the 17th of May, 1867, that Count Frijs made a counter proposition to Mr. Seward's note. Through the medium of Mr. Yeaman, he declined on behalf of Denmark the offer of \$5,000,000 and offered the islands for \$15,000,000 or St. Thomas and St. John for \$10,000,000, with the option of taking Santa Cruz for \$5,000,000 more.

Count Frijs explained that the ratification of the treaty of cession by the Rigsdag would be necessary, and that the Danish Government would require that the consent of the people of the islands should be freely and formally given. In ten days Mr. Yeaman was in receipt of Mr.

Seward's answer to this proposition, which was in substance this: "The United States will pay for the three islands \$7,500,000 in gold." Mr. Seward objected, however, to the condition that the consent of the inhabitants of the islands was necessary and thought it sufficient that they should have the free choice of leaving the islands within two years or remaining and becoming American citizens.

Mr. Seward's second offer was refused and a counter proposition made. This was that Denmark would cede the islands for \$11,250,000, or 20,000,000 Danish rix dollars, or St. Thomas and St. John for \$7,500,000, and Santa Cruz at option for \$3,750,000. Count Frijs further declared that taking a vote of the people of the islands before the cession was absolutely indispensable.

Mr. Seward's second offer being thus formally rejected by the Danish Government, Mr. Yeaman now informed Count Frijs that his instructions obliged him to announce that the offer of the United States was withdrawn and the negotiations ended. Nevertheless, on July 6, 1867, Mr. Seward telegraphed to Mr. Adams in London: "Tell Yeaman close with Denmark's offer. St. John, St. Thomas, seven and one-half millions. Report brief by cable. Send treaty ratified immediately." Still the negotiations lagged. Mr. Seward was strongly opposed to the vote by the islanders, but the Danish Government was firm on this point, and he finally cabled to Mr. Yeaman: "Concede question of vote." On the 24th of October, 1867, the treaty was finally signed by the Danish minister and by Mr. Yeaman on behalf of the United States.

There remained the vote of the islanders. Mr. Carstensen was sent as Danish commissioner to take the vote, and Mr. Seward dispatched Dr. Hawley to the islands to attend to American interests. He arrived at St. Thomas on the 12th of November, 1867; on the 18th of November, before the vote was taken, there occurred a terrible earthquake, which did much damage to the island, and affairs came temporarily to a standstill. They were resumed on November 26, and on January 9, 1868, the vote was taken in St. Thomas, and on the following day in St. John. In the larger island there were cast 1,039 votes for the cession and only 22 against it,



Two views of Charlotte-Amalia, St. Thomas, W. I. It is this harbor—one of the finest in tropical America—that tempts Uncle Sam to offer \$295 an acre for the islands, the price of good Iowa farm land. But preparedness as well as corn raises the ante. Your Uncle Sam paid only 2c an acre for Alaska, and 3c for California, Nevada and Utah.

and in the smaller 205 votes for and none against. There were fears in Denmark that the United States would not ratify even after Denmark was fully committed, but Mr. Seward calmed these fears with renewed assurances of success, and after some hesitation the treaty was ratified by the Rigsdag and signed by the King on January 31, 1868.

This ratification occurred in the midst of the fierce political war between President Johnson and Congress. The limit of time named in the treaty for ratification was February 24, 1868, and this went by without action by

Congress. The time was then extended to October 14, 1868. All, however, was useless. Denmark made repeated endeavors, in the person of her minister and through the medium of other powers, to conclude the negotiations, but in vain. The treaty fell a victim to the storm of political hatred then raging in the country, and in the session of 1868, after an adverse report, the United States dropped it.

Negotiations were reopened in 1892, were prolonged through a stretch of several years, but came to nothing, in spite of the best labors of the United States.

First-Told Tales of Successful Men

THE first case of Judge Robert S. Lovett, executive head of the Harriman transportation enterprises, concerned a dog that had been killed by a freight train in Texas.

Young Lawyer Lovett appeared for the railroad. The case had been taken into the court of a justice of the peace, from which there could be no appeal if the verdict were less than \$20.

The dog owner, as a matter of shrewd tactics, sued for \$19.50. He admitted while on the stand, and even boasted, that the dog was worth more than \$19.50. Lovett, baiting him into a trap he did not see, asked: "How much more?"

"Well," the man replied, thinking that he was improving his case, "that 'ere dog would've been cheap at \$50."

The judgment of the jury, all dog fanciers themselves and anti-monopolist, was for the full amount claimed. Lovett, declaring that the dog was more valuable than alleged, got the case carried to a higher court on a writ of certiorari, and on a review of the facts obtained a reversal of the judgment.

From that time on the people of San Jacinto county invariably said that "Bob" Lovett was a mighty smart lawyer.

AT the close of the Republican National Convention in 1900, Mark Hanna rode back to Cleveland from Philadelphia in the private car of President Cassatt of the Pennsylvania railroad. An editor was the only white person who accompanied him.

Hanna's cigars, always the same brand, were made for him in Havana. They cost about twenty-five cents apiece, wholesale.

After the editor man had smoked one, Hanna offered him another. The editor man waved it away.

"I'll stick to my own kind," he said. "Your cigars corrupt my appetite and make me dissatisfied with the sort I can afford to buy."

"I am glad to hear it," Hanna answered. "Perhaps you will now be ambitious enough to brace up and get into a business that will at least keep you in decent tobacco."

I HAD a small farm near Boston on which I kept my horses," Theodore N. Vail, president of the American Telegraph and Telephone Company, explains in describing his real debut as an agriculturist.

"After an absence of three years in Europe, my

manager sent me a bill of \$20,000 for wages. I didn't pay it, but took the farm and worked it myself. My health improved and I bought a farm in Vermont and began developing a home. I own 5,000 acres of land, a considerable part of which is under cultivation. I make butter and raise horses, ponies and pigs."

WHEN William C. Brown was president of the New York Central Lines, with 12,282 miles of track under his control, he was asked about his first employment on a railroad.

"I went to work on a section in 1869," he replied. "It was in Iowa. I was sixteen years old."

"What wages did you receive?"

"I don't know," he answered. "My envelope contained \$27.60 whenever the pay car came along. Figure it out for yourself."

MEN YOU KNOW—AND DON'T!

(Concluded from page 24)

else, an American citizen—not a library citizen under a green lamp, speculative or complaining, but one of action, faith, vision and zeal.

Presidents of the United States—Cleveland, McKinley and Roosevelt—have called him into their Cabinets and sent him to foreign countries as their minister, delegate and ambassador. His touch is vitalizing and his sight prophetic. The foundation of the Chamber of Commerce of the United States is grounded, in no small sense, upon his intelligent and unselfish work. Business, he believed, back in the years when he was Secretary of Commerce and Labor, should have a voice, vibrant with energy and patriotism.

The word "service," worn by much journeying and hard usage, is nowadays walking around in rags, and, possibly, in some deceit, on occasion, but Oscar S. Straus applies it, in its best definition, to the government of his goings and comings. Repose he earned long ago. Honors, unasked, have garnished his years with satisfaction. Yet he answered the summons of Mayor Mitchel in New York and is now adjusting the public utility corporations so that they will fit into the statutes. This he will do gently or with a crowbar, if it is necessary.

But if Uncle Sam has an overdue bill owing him anywhere among bankrupt or dead-beat nations, Mr. Straus will get a leave of absence and collect it joyfully.

THE NATION'S BUSINESS



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NUMBER NINE

THE CONTROVERSY between the railways and their employees in freight train service reached its climax on August 29, in an appeal made by the President to Congress. New legislation of a novel and drastic sort was declared by the President to be the only remaining recourse for keeping open the avenues of commerce, if men and employers persisted. Mediation by the President had failed, like earlier attempts at mediation by a federal board. Direct negotiation between the men and the roads had been fruitless. The National Chamber's request that an impartial investigation to ascertain the facts should be initiated in the early summer had been without avail.

Exactly five months had elapsed from the day when the men formally made known to each of the railways the demands they had to make and asked that all the railways of the country unite in creating a central committee which would negotiate with a central committee of the men's organizations. To this "collective movement" the roads assented, but the resulting conferences on August 9 adjourned, *sine die* and with each side maintaining its original position. When some six hundred of the men's delegates and the greater part of the railroad presidents of the United States had been called to Washington, in the third week of August, the men proved willing to leave time-and-a-half for overtime to arbitration and to accept immediately an eight-hour basic day with wages kept at the present ten-hour point. This proposal the railway executives refused, and instead offered to keep accounts for all their men from September 1, under supervision of the Interstate Commerce Commission, and abide by the decision of a commission appointed by the President to investigate the whole question of the eight-hour day, not only as it affects train-service employees but also the public and industries other than transportation. This the men refused, and it developed that they had already set a strike for September 4. The representatives of the men apparently expect the strike to affect passenger service as well as freight.

As THE NATION'S BUSINESS goes to press it remains uncertain whether new legislation can intervene in the five days between the President's recommendations to Congress and September 4. From this distance it looks as if the eight-hour day to begin about January 1, and a committee to observe the result and report about

September 1, 1917, will to be the only items in the President's recommendations that Congress will at the present session enact into law.



MANUFACTURING ENTERPRISES have developed in the United States so rapidly in two years that 1914 figures are almost obsolete, yet they indicate the growth in the preceding five years. Thus, the capital employed, almost 23 billion dollars, represents an increase of nearly one-fourth. The amount of capital per establishment was \$83,000 in 1914, an increase of 35%. The value of products, 25,200 million dollars, was 18% over the value in 1909. In 1914 the number of wage-earners employed ranged from 6,640,000 to 7,242,000 as against corresponding figures of 6,210,000 and 7,006,000 five years before.



FINANCIAL AND INDUSTRIAL DOG-DAYS have been missing this year. Many factories curtailed or omitted the customary August shutdown. New construction of many kinds went on apace. The steel market advanced under heavy buying for both foreign and domestic account. Great as was the threat of paralysis in the possibility of a freight strike, traffic on the railroads continued in great volume. The grain and cotton markets were in a state of excitement. On the stock market the dullness and declining prices usually incidental to preparation for the season of financing the harvest have been absent, partly, perhaps, because the old way of providing money for "moving the crops" is passing and also because foreign gold come into the United States much earlier in the year than usual.



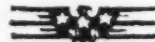
A TRADE COMMISSION with powers exceeding the authority of our Federal Trade Commission, at least in variety, has been created in New Zealand. The Board of Trade, as the title goes, is not only to consider whether there are violations of the New Zealand Commercial

Trusts Act but likewise to inquire into matters connected with the cost of living, examine complaints against the price of any kind of goods, and ascertain markets for goods produced or manufactured in New Zealand. The three members of the Board of Trade have been visiting all parts of New Zealand for the purpose of studying industrial conditions.



INTER-IMPERIAL TRADE is being encouraged in the British empire. The empire is far from self-sufficient. For example, in 1915 the United Kingdom obtained from British possessions 30% of its grain and flour, 28% of its meat, and 3% of its tobacco; in other words, 29% of its food, drink, and tobacco.

In raw materials for industry the empire was most nearly independent in wool, furnishing 88% of the imports of the United Kingdom. For hides the percentage was 55, for textile materials other than wool and cotton 48, for oils, fats and gums 45, and for cotton 27%. These percentages fall to 3% in paper-making materials, and to 1% in iron ore, scrap iron and steel.



ECONOMIC ALLIANCES which have to get the sanction of all parts of the public are in a perilous situation. The committee, appointed in England to deal with the suggestion made at the economic conference in Paris on June 17, is coming in for some criticism at home. One British weekly says, "What the government failed to appreciate is that there is no such thing as an Imperial parish pump and that in this post-war trade problem the Dominions, equally with quite common people in this country, do not for an instant intend to play the part of pawns. The committee simply represents a clumsy attempt to balance antagonistic views of two schools of party political and economic thought."



JOINT ECONOMIC INTERESTS are to be fostered by England with Italy, and with other allies. Before the European war began, Germany had established large commercial interests in Italy. Apparently the British government is seeking to supplant Germany. At any rate, it has undertaken to subsidize a company which is to promote British enterprises in the commerce and industry of Italy, conducting banking and fiscal operations which "do not necessarily fall within the strict definition of banking as understood" in England.

Two corporations are to be utilized. Accordingly the British-Italian Corporation, Ltd., with capital of \$5,000,000, was organized in London toward the end of July. The stock has been fully subscribed, principally among London banks.

THE NATION'S BUSINESS *As Reflected in the Month's News*

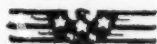
The Threatened Freight Strike
Manufacturing on the Up-Grade
Missing: The Usual August Slow-up
A New Zealand Trade Commission
Wanted: Inter-Imperial Trade
Rough Sledding for Economic Pacts
Coddling Joint Economic Interests

The British government undertakes to give to the company as much as \$250,000 a year for ten years, and in return is to receive the sum it thus advances through payments which are to equal any dividends that exceed 5%. The management of the company is to be in charge of six British and three Italian directors, the former being men connected with London banks and insurance companies and the latter, men affiliated with the Credito Italiano.

In Italy there is to be a cooperating company, the Compagnia Italo Britannica, with a capital stock of \$2,000,000—one-half held by the British company and the balance by the Credito Italiano and its friends—and with six Italian and three British directors.

In operation these arrangements will permit a British manufacturer to obtain funds from the new companies for the development stage of his enterprise, subsequently making repayment by issues of bonds sold through the companies to British investors. Operating in this manner the companies, it is thought, will command funds in unlimited amounts.

The arrangement for promoting trade with Italy is expected in England to be a forerunner of similar arrangements with other allied countries.



THE THIRD WHITE BOOK issued in two years was published on August 12 by the State Department and is the largest of the three. Some sixteen different subjects show the range of the correspondence. It took thirty-six exchanges, mostly by telegram, to get an American boy of Italian parentage out of the Italian army, where he was being compelled to serve. Other correspondence dealt with the recall of an ambassador and two attaches who had become unacceptable to the United States; the case of a prize brought by a German auxiliary into American waters; the status of American consuls in territory which a belligerent has captured from another; methods of submarine warfare; interference with the mails; American vessels placed in British prize courts; British warships hovering near American ports; British contraband lists; and British restraints on commerce.



THE DECLARATION OF LONDON no longer governs anybody. Drafted in 1909 by representatives of ten naval powers as a code which should settle questions of blockades, contraband and the like, during future wars, and thus be of peculiar benefit to neutrals, it was not acceptable to a section of British opinion and at the beginning of the European war had not gone into effect. Upon the outbreak of war, the United States asked the belligerents to accept the Declaration of London. Germany and Austria assented,

on condition that their antagonists do likewise. England demurred unless the declaration was modified. As the changes which England desired were not acceptable to the Central Powers, the United States two months later abandoned its efforts to get the belligerents to agree to follow the declaration.

With increasingly broad modifications England kept the Declaration of London as a guide for its prize courts until July, 1916, when it announced that thereafter its courts would reach decisions regardless of the Declaration, and follow "the law of nations" together with certain rules laid down in an order-in-council. At the same time France took similar action.



THE STEEL INDUSTRY is expanding. New construction which will be completed during the calendar year will add to the yearly capacity of the Steel Corporation 1,100,000 tons and 1,500,000 tons to the capacity of independent plants. Projects for construction in 1917 indicate further increases in annual capacity of 1,900,000 and 700,000 tons respectively for the Corporation and the independents. Thus, in 1916 and 1917 the capacity of the industry, apparently about 40,000,000 tons a year at present, will be increased about 15%. The last period of new construction of steel plants ended in 1913. To supply raw material for keeping existing steel plants in operation at their present rate 60 million tons of iron ore must be brought eastward from the mines about Lake Superior. The movement of such an amount of ore in the nine months during which navigation is open on the Great Lakes requires utilization of the ore-carrying fleet to its utmost capacity.



THE STEEL MAKING industry may be undergoing some evolution. At any rate, small steel plants are having a degree of success which seems to have been unexpected. For the most part they find their opportunity in making special kinds of steel which require painstaking ex-

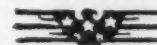
pertness. For these special steels considerably higher prices are paid than for the ordinary grades which are produced in great quantities by large steel-making plants.



RUSSIAN-AMERICAN trade is receiving attention in Russia as well as in the United States. A Russian newspaper states that in 1914 Russia sent 23 million dollars worth of goods in the direct trade whereas Argentina furnished goods valued at 45 million and Japan 107 million. Remark- ing that "the total of Russian exportations to the United States could not then be considered brilliant," the writer cited the figures for the first three months of 1916,—barely \$100,000!

On the other side of the ledger the article sets forth that now the United States is supplying 40% of all Russia's imports, and advocates mutual concession between the two countries as a means of making secure reciprocal trade relations.

The inspiration of articles of this kind in the Russian press comes from statements made by the American ambassador to the effect that the United States desires to negotiate a new commercial treaty to take the place of the treaty of 1832 which was abrogated several years ago. He has already presented the matter to the Minister of Foreign Affairs at Petrograd.



CALUMNIATION of American goods and American business methods is used in some parts of the world by our competitors. This variety of unfair competition was not mentioned by the Federal Trade Commission in the statement of conditions in foreign markets which it submitted to the President in May. It does appear, however, in a special report regarding South America made public by the Commission in August.

"Unfair competition not infrequently takes the form of calumny," the report declares. Europeans, with their long-established trade and personal connections are loath to yield anything to American interests, and they do not hesitate to spread stories, similar to the false interpretation of the Monroe doctrine, in the press and elsewhere, derogatory to Americans and their goods.

This sort of misrepresentation usually hangs on concrete instances which are magnified into alleged illustrations of a general practice. As a matter of fact, the Commission did find concrete instances, usually of carelessness on the part of American houses. One South American ordered black cloth with a diagonal weave for a special purpose; he received black cloth of another weave. An order for paper of definite number of millimeters in width was translated into inches

THE NATION'S BUSINESS *As Reflected in the Month's News*

Uncle Sam Publishes His Letters

The Declaration of London *Non Est*
Steel Builds an Addition

New Berth for Small Steel Plants

Russia Talking American Trade

Our Esteemed Competitors Rap Us

by some employee in the United States who did not trouble himself very deeply over equivalents. A twenty-thousand-dollar order for resin by a Uruguayan soapmaker was filled without regard for the quality specified and had to be auctioned off by the purchaser, with a loss of several thousand dollars. A salesman misrepresented his authority to make "firm" contracts, and after selling larger orders to wholesale houses "stocked up" the customers to whom the wholesalers expected to dispose of their goods.

Of course, these instances are exceptional. Quite as many cases can be cited in which American houses have stood by their contracts with Latin Americans in the face of rising markets, sustaining considerable losses. The moral of the tale is that since some European competitors are ready to defame American business standards it is up to every exporter to see that his transactions are carried through according to the exact terms of the obligation.

COKE OVENS of the sort that save by-products such as the coal tar which is the raw material of dyes, pharmaceutical preparations, and explosives, were little used in the United States before the European war made them important and profitable.

Statistics gathered in another connection by the Bureau of Mines indicate that at the end of 1915 there were thirty-eight active plants of by-product ovens and that these plants are so extensive that they employed two-thirds as many men—13,000—as the old-fashioned bee-hive ovens. The by-product coking plants already built in 1916, or definitely planned, will add about two thousand ovens. Two plants, of 204 ovens apiece, completed in August, will take about 140,000 tons of coke a month.

AMERICAN SECURITIES can be put to good use by foreign owners who for one reason or another do not care to part definitely with their American investments. This was proved once more in August when shares of thirty-seven railroads and twenty-four industrial corporations, together with bonds from a long list of issues, were used in part as collateral for a loan of a quarter billion dollars to the United Kingdom. For this purpose British owners have lent their holdings in designated securities to their government. From the American point of view this method of utilizing securities has its advantages, since the American market is not at once called upon to purchase the securities themselves *en bloc*.

The British government in its scheme of mobilization of foreign investments held by its subjects has not as yet "called up" all of these reserves. A London state-

ment runs to the effect that without touching the best securities held in England the government has brought within its control sufficient foreign obligations to finance its external war payments for upwards of two years more.

POTASH, one of the natural resources which the United States has lacked, at least in readily available forms, is being sought in the kelp beds of the Pacific. One of the powder-making companies, it is understood, has erected a million and a half dollar plant in California to obtain potash and other chemicals from seaweed. Whether this plant can be used after the war with financial success as a source of potash for fertilizer remains to be seen.

The kelp beds apparently show no result of being harvested. Although three harvesters, cutting about six feet below the surface of the water, have been operating for upwards of three months on one bed, there is no visible diminution of the supply. It is said that if the harvesters were to begin at one side of the bed and cut clean as they proceed, they would find the part first cut newly grown by the time they had crossed the bed.

MEAT PRICES in the United States are at a level which ordinarily would induce imports. But these are no ordinary times. Imports of meat are 50% less than last year. Argentina and Australia are sending their beef and mutton to Europe. Curiously enough, by far the greater part of our imports of meats are coming from a rather new source, the recently completed freezing plants in the province of Sao Paulo, Brazil. Out of a million and a half pounds imported from all sources in May, more than two-thirds originated in Brazil.

England's imports of meats are very large, and for the most part are landed at London. In May of this year England imported 55 million pounds of beef and 30 million pounds of mutton. Of the beef 27 million pounds came from the Argentine, 13 million from the United

States, 8 million from New Zealand, and 3 million from Uruguay. The sources of mutton were rather different. New Zealand was the principal country of origin, sending 21 million pounds. Australia would in normal years contribute largely, having shipped sixteen million pounds in May, 1915, but in May this year, probably as a result of droughts, furnished a very small quantity, leaving Argentina in second place, with 7 million, and the United States third, with a million pounds.

EMIGRATION TO CANADA on the part of United States farmers has not recently attracted so much attention as three or four years ago. Between July, 1913, and June, 1914, 34,000 of the farming class went from the United States to Canada. In addition there were 22,000 skilled laborers and 15,000 ordinary laborers.

Encouragement of emigration from all sources of desirable farmers and artisans has been a policy of the Canadian government. Considerable attention has recently been given in Canada to plans for providing British soldiers with lands. Moreover, paid advertisements are again appearing in American newspapers circulating in rural districts for the purpose of stimulating emigration to the agricultural lands of the Canadian northwest. These advertisements touch upon many points, explaining that there is no difficulty in crossing the border, and pointing out that emigrants will not be asked to give military service. "Men from the States will find feverish demand for help," is the statement in one of the advertisements, perhaps meant primarily to attract harvest hands.

CHINESE TRADE is reviewed each year by the Inspector-General of Maritime Customs. Speaking of the calendar year of 1915, this official says that interference as a result of the European war was marked, principally because of the scarcity of tonnage and the rise in ocean freight rates. Otherwise, trade would have been very brisk, notwithstanding the boycott of Japanese goods, which ended in September. Of this boycott Chinese manufacturers of many kinds of goods took advantage to push their own wares. The articles include candles, soap, cigarettes, matches, towels, cotton underclothing, cotton cloth, boots and shoes, mirrors, sugar, and umbrellas. The scarcity of chemical dyes and synthetic indigo led to a revival of the cultivation of natural indigo—an interesting example of the rapidity with which Chinese farmers in reality meet the needs of the market. China now has thirty cotton mills at work, with 1,029,000 spindles and 4,160 looms and plans further extensions of the industry. Cotton is raised upon four and

THE NATION'S BUSINESS As Reflected in the Month's News

Out of the War—By-product Ovens!

American Securities as Collateral

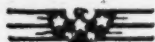
Combining Ocean Beds for Potash

Where the Meat Comes From

Canada Again Coaxing Our Farmers

China and the European War

a half million acres and produces a crop of half a million bales of American size. Railroad construction was stopped by reason of difficulties in financing; there had been recognition of the need of transportation and great extensions had been decided upon.



FOREIGN TRADE IN CANADA has followed much the same course as in the United States. In the last fiscal year, closing in March, 1916, Canadian exports were valued at \$882,000,000, compared with \$490,000,000 in the previous fiscal year. Exports to France are ten-fold greater than before the war; to Italy fifteen-fold, and to Russia five-fold. In making explosives to send to Europe Canada imports fully 50% of the material. For the manufacture of ammunition about 17% of the material is imported. This dependence upon outside sources for raw materials, not only for articles of warfare but for numerous kinds of goods in general demand, is understood to be causing considerable difficulty to Canadian manufacturers.



AFTER PAPER, and especially newsprint paper, all the world seems to be striving, that it may chronicle events and advertisements of the day. In Europe such paper sells for seven cents a pound, and in some parts of South America it brings even more. In the United States it can be had for three and four cents a pound—as against two and a quarter cents, which might be taken as a normal price before 1914.

Demand everywhere has outrun supply. Months ago British publications apologetically changed their form in order to save paper. On August 1 New York City newspapers agreed to eliminate 121 pages a week from their papers; publications in other cities followed suit, although on a smaller scale. Even so, demand has not yet been brought within the volume of production.

The extent of the demand is determined largely by the circulation of the 2,500 newspapers which print daily editions with an aggregate circulation of probably 30 million copies a day. A billion separate copies is a conservative estimate of the daily, Sunday, and weekly papers published in the United States each month, to say nothing of the trade, agricultural, and magazine field.

To meet this demand for newsprint fifty mills in the United States and Canada are said to be working to the extent of their capacity. In June they are reported to have produced 140,000 tons of paper, 27,000 tons more than in June, 1915. Nevertheless the mills failed to meet the demand for the month by 5,000 tons, which they had to make up from their reserves.

The whole situation has been before the Federal Trade Commission, having been directed by the Senate to institute an inquiry. Meanwhile there has been a proposal before Congress to increase the maximum value of newsprint paper admitted free of duty, mainly from Canada, from two and a half cents a pound to five cents, as a means of adjusting the free list in the tariff to increased prices.

The present tendency of the price of newsprint paper appears to be toward the level of twenty-five years ago, when it was about five cents a pound. In 1880 it was around ten cents.



IMMIGRATION in the last period of twelve months by which the Government keeps its record—the year ended with June 30—was less than during any year since 1898 and, except for the two five-year periods 1894-98 and 1875-79, less than during any year within forty-seven years. In some years before the Civil War, such as 1850, more immigrants entered the country than in the twelve months that closed with June, 1916, when the total number was 298,000, almost a million less than in the twelve months immediately preceding the European war.

The nationalities in which the decreases are most striking have been supplying unskilled labor, such as Magyars, Slovaks, Poles and Italians.



COTTON has had its ups and downs since the European war began. Since about 60% is sold abroad, no other crop produced in the United States is so susceptible to international events. When the European war opened, an unusually large acreage had been planted, and an abnormally big crop was subsequently picked—16 million bales. In August, 1914, cotton exchanges closed, prices collapsed, and when the first cotton was picked it was sold as low as five cents a pound, which is below the average cost of its production. On August 1, 1914, the price paid to farmers had been a fraction over twelve cents. On November 1 it was six and a third cents.

Immediate interference with exports was not as great as had been expected; for exports of the crop were within 8% of exports of the preceding year.

The crop of 1915 was five thousand bales smaller than the yield of 1914, both because of decrease in acreage and saving of fertilizer. It was said that no crop of cotton had been so cheaply produced, and as a consequence farmers in the South partly recouped their losses.

Now cotton is selling on the exchanges for future delivery at sixteen cents a pound. In the twelve months ended with July over six million bales were used in the United States. Comparatively little of the earlier crop has been carried over. The Department of Agriculture estimated that conditions on July 25 forecasted a crop of 13 million bales, but subsequent reports of adverse weather have led some trade papers to estimate the crop as low as 11 million bales, which is absolutely less than actual requirements for domestic and foreign trade. Whatever the size of the yield, the South is certain to get a high price for it. On August 1, 1916, the price farmers were receiving was almost identical with the price on the same day two years before.



INVESTIGATIONS are sometimes expensive. In recent months a sub-committee of the House of Representatives has been considering whether it would recommend an investigation of all the conditions of cattle-raising and meat-packing. The cost of such an investigation as estimated in August for the committee was in the neighborhood of \$200,000.



BREAD has come to be sold in five and ten cent loaves, with the former predominating so largely as to be the standard. A five-cent loaf, however, is not always the same thing. When it contains thirteen ounces of dough in Atlanta it may have sixteen in Cincinnati. Although a baker in Seattle was putting into such a loaf fifteen ounces of dough in December, 1914, he used only twelve and one-half in September, 1915, and changed to fourteen and a half in the following December.

The cost of making bread is affected by the price of flour, which in turn follows the course of wheat prices. In 1913 spring patent flour in New York ranged between \$4.40 and \$5.00 a barrel. In December, 1915, the range was \$5.60 to \$6.70. On August 25, 1916, it was \$8.20 to \$8.55.

Such a course in the price of flour led master bakers, in session at Salt Lake City early in August, to recur to a theme they have discussed before, the cost of making loaves selling for five cents. For such a loaf practically all the elements of cost except flour are the same as for

THE NATION'S BUSINESS *As Reflected in the Month's News*

Canada in Foreign Trade
The Paper That We Read
Immigration Touches Bottom
The Ups and Downs of Cotton
Investigations Come High!
Our Daily 5-cent Loaf of Bread

making a loaf of twice the size, selling for ten cents. As is natural with an article of such universal consumption as bread, of which commercial bakers make fully one-half of the amount eaten in the country, the discussion was rather widely misunderstood, some newspapers taking it to mean that the loaf would not be increased while the price was doubled.



BRITISH COLUMBIA has competed sharply with our northwest, one of its ports now guaranteeing the bonds of a local ship-building company which will build vessels approximating 2,000 tons and capable of carrying a million and a half feet of lumber. In the legislature a comprehensive bill has been introduced. It would constitute a Shipping Credit Commission with authority to lend money for the construction of vessels, power to subsidize vessels when they were built, and discretion to guarantee the bonds of shipbuilding concerns. The Commission would get funds by borrowing money through the provincial government. Its loans to ship builders would be limited to 55% of a vessel's value, would be secured by a first mortgage, would draw interest at 6%, and would be repayable in five equal, annual instalments.

Provisions for subsidy payments are apparently to be put into effect in such a way as to bring the annual earnings of vessels to 15% of their cost over a period of ten years. In order to take advantage of these arrangements one company is reported to have let contracts for eight lumber-carrying schooners, to cost about \$165,000 each, and having engines will make seven knots without using their sails.

Such vessels can probably make two voyages to England in a year, and at prevailing rates for carrying lumber would in twelve months earn their initial cost.



WOODEN SHIPBUILDING is having a revival. Although wooden construction began to disappear on the Atlantic seaboard of the United States and Europe about the middle of the last century, it remained important on the Great Lakes until 1890.

At present, with ship plates hard to obtain and with an abundance of excellent timber available on the South Atlantic, Gulf and Pacific coasts at low prices, wooden construction has increased in amount, especially for schooners of rather a new type. They can be built in half the time and at half the cost of corresponding steel vessels.

These schooners are so constructed as to obtain reasonable insurance rates for foreign voyages, and they have power from oil engines, which should possibly be called correlative to their sails rather than

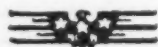
auxiliary. A four-masted schooner of this sort is said to have gone from San Francisco to Honolulu in eleven and a half days, using about ten barrels of fuel oil a day and something less than a gallon of lubricating oil. About the same time a full-powered, ten-knot cargo steamer made the same voyage in only seven hours less than eleven days.

PUGET SOUND is enhancing its position as a shipbuilding center. It not only has a number of new yards for constructing wooden vessels, but one of its corporations engaged in steel construction has enlarged its facilities, reorganized its management and undertaken the building of a torpedo-boat destroyer for the Government, two 5,000-ton steamers, three steamers of 7,500 tons each for domestic account and one for Norwegian owners, and a 10,000-ton freighter.



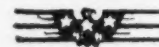
AUSTRALIA's latest venture in government ownership, through investment of 10 million dollars in merchant vessels, was connected with another enterprise of the same kind—purchase by the government of the wheat crop. After trying a number of expedients, some of which were tantamount to commandeering neutral vessels, the government decided it would have to buy vessels on its own account in order to send its wheat to market in Europe.

The only successful line of cargo steamers owned and operated by a government before the European war, the line of five steamers that Roumania ran from the Danube to Belgium, was likewise used to carry grain to market.



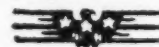
BRITISH STEAMSHIP COMPANIES in some instances are integrated enterprises of great extent. One of these companies, which has branch offices in the United States and which published its annual report on July 29, has a capital of 35 million dollars. It not only has lines of cargo steamers running to many ports of the world, but controls shipbuilding concerns

and drydocks. In the year for which the report was made it had profits of forty-one and a half per cent on its common stock of ten million dollars. From these profits it paid twenty per cent in dividends, transferring the rest to funds for depreciation, contingencies, and payment of special taxes laid by the British government on excess profits over the rate of profit current before the war.



JAPANESE STEAMERS are earning handsome profits for their companies. The Japan Mail Company with ninety-one steamers ranging from 1,000 to 11,000 tons, and nine steamers under construction, on its business in the six months ended with May had earnings which if maintained for the year will amount to 75% of its capital. Apparently dividends of 20% are to be paid and the remainder of the net profits distributed to various funds, including a reserve fund which already contains 20 million dollars in cash and realizable securities. In the six months for which the report was made the Japan Mail carried 103,000 passengers and 2,750,000 tons of cargo. Baron Kondo, who presided at the meeting at which the report was presented, said, "if there ever was a shipping *Narikin* (acquisition of sudden wealth), the Nippon Yusen Kaisha would be the greatest of all the *Narikins* of Japan."

SPANISH SHIPPING has come under closer regulation for the purpose of limiting the interest of aliens and preventing the transfer of Spanish vessels to foreigners. Shares in shipping companies must be registered; heretofore, many shares have been payable to bearer and upon negotiation did not require registry in transfer banks. Moreover, the proportion of foreign-owned stock in any Spanish shipping company can not exceed 25%.



RAILROAD EARNINGS for the twelve months which closed with June, announced by the Interstate Commerce Commission last month, showed from data received on the operation of 196,000 miles of railway, revenues of \$2,900,000,000—a sum greater by \$450,000,000 than revenues in the twelve months of 1914-15 which correspond closely to the first year of the European war and greater by \$350,000,000 than in 1913-14.

Expenses were decreased at every possible point when traffic fell off soon after the war began. For the railroads in question they were about \$1,950,000,000 in 1913-14, were reduced by approximately 200 million dollars in 1914-15, to \$1,746,000,000, and in 1915-1916 went to \$1,913,000,000.

Net revenues from operation, therefore, were 1,019 million dollars in 1915-1916, or

THE NATION'S BUSINESS As Reflected in the Month's News

British Columbia Building Ships
The Wooden Ship Back Again
Puget Sound's Yards Also Busy
Australia Buys Some Steamers
Japan Sails The Ocean Blue
Spain Regulates Its Shipping
The Railroads Making Money

an average of \$5,184 a mile of railway throughout the country, which is a greater average than ever before. The net revenues, of course, are to be considered in connection with the capital that is invested—in 1912 estimated by the interstate Commerce Commission at 19,700 million dollars, and now perhaps in the neighborhood of 22 billion dollars for the country or approximately 18 billion for the roads upon which the Commission reported in August.

For different parts of the country the earnings naturally are diverse. In the eastern district the net revenues per mile reached \$8,800 in the year that ended with June, an increase of \$2,807 in one year. In the southern district they were \$3,863, an increase of \$1,138 over the preceding year, and in the western district \$3,931, an increase of \$806.

Four-fifths of the railway mileage of the country, including the important lines, are represented in the statistics of the Commission. When final computations come to be made, it will probably be found that in 1915-16 the railroads carried an amount of freight far above the services they ever before rendered. They probably carried two and a half billion tons.

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This Congressional Session: Commerce and Industry

THIS session of Congress began with a program of a pretty definite sort. It is now on the point of adjourning after going through all the items and making considerable additions. Although the general legislation of 1916 does not include any single law comparable in importance with the two most significant enactments of 1913—the tariff law and the Federal Reserve Act—it takes a much wider range and touches business affairs at many points.

A program was placed before Congress last December. To national defense on a larger scale than ever before the President gave first place in the address with which he opened the session, and conversely he discussed new sources to which the Government might look for revenues with which to pay the bills. He added enlargement of the American merchant marine, extension of facilities for borrowing money for agricultural enterprises, new legislation regarding water powers, federal aid for vocational education, a committee to examine into the whole system of regulation of interstate railways, and amended forms of government for the Philippines and Porto Rico. Subsequently, he urged creation of a tariff commission, regulation of traffic in products of child labor and a system of compensation for federal employees injured in the course of their employment.

On each of these subjects, except water powers, the government of Porto Rico, and vocational education there has been legislation, and the list of subjects has lengthened to include bills of lading for interstate and foreign shipments, railway mail pay, amendments to the banking laws, and revision of the law under which the income tax is levied.

When Congress had largely completed its program and leaders were looking forward to adjournment within a week, a crisis threatened paralysis of all railroad transportation.

On August 29 the President asked Congress to enact immediate legislation to prevent such a disaster. At once both House and Senate became engrossed with their new problem. At the time this issue of THE NATION'S BUSINESS went to press it seemed assured that the strike of railway employees already set for September 4 would be abandoned and Congress would by law establish eight hours as a standard for train-service employees after December 1, require payment of the present ten-hour wage for

eight hours with pro rata for overtime until the neighborhood of October 1, 1917, and authorize the President to appoint a wage commission to observe the results of the eight-hour day and report about September 1, 1917.

At every session Congress has as its first duty to apportion the funds with which federal activities are to be conducted during the following year. In nine months committees have scrutinized and approved the details of expenditures which exceed a billion and a half dollars—seven hundred million for national defense, three hundred million for the postal service, and the balance for the other activities of the United States. Without exception every appropriation bill has carried larger money supplies than last year.

National defense received first consideration. Last December the President proposed to increase the army from one hundred and seven thousand officers and men to one hundred and forty-one thousand and supplement them within three years by four hundred thousand disciplined citizens. For the navy he set forth a plan of construction to extend over five years and result in ten new battle-ships, six battle cruisers, and one hundred sixty smaller war craft.

Legislation on these subjects was studied in committee for several months. Regarding the army original plans were changed. Use of the national guard in the federal service was substituted for a federal militia, the regular army was increased so as to reach one hundred seventy-five thousand men at the end of five years, the number of cadets at West Point was doubled, and for coast defenses and heavy armament increased appropriations were provided. The navy is to receive additions very much as planned nine months ago, but with the period of construction shortened to three years.

New taxes, either internal or on imports, were inevitable unless new issues of bonds were authorized. New taxes were determined upon.

Earliest action with respect to revenues took place in the first month of the session, when the emergency internal taxes levied soon after the European war began were extended to the end of 1916. In the spring Congress reversed its decision of 1913 and declared that the import duty

on sugar should continue, for the sake of the revenue it would produce. The legislation which would raise the greater part of the new revenues, however, was kept back until it was known how much money would be needed.

The revenue bill appeared on July 5 and after passing the House came before the Senate in a form calculated to raise two hundred five million dollars in its first year—fifty-three per cent from income taxes, nineteen per cent from manufacturers of munition and components of munitions, seventeen per cent from miscellaneous taxes including an excise tax on corporations amounting to one-twentieth of one per cent on the capital they employ, and ten per cent from decedent's estates.

The income-tax law, incidentally, in this bill gets the revision which has been promised since its enactment in 1913.

Foreign relations in trade have a considerable place in the revenue bill, which is a truly omnibus measure. Unfair competition from abroad by means of prices which are depressed to destroy the business of domestic competitors is penalized. In view of the hundreds of items of American goods which foreign governments have in the last two years declared should not be imported into their territory the President is given a power to retaliate. In order to protect such manufactures of coal-tar products as may now be developed, appropriate parts of the tariff are revised. In the shipping bill there is legislation of a somewhat similar kind, making it possible for federal officials to prevent a vessel from sailing from an American port if, having space, it refuses to accept from an American citizen proper cargo.

The tariff commission which is created by the omnibus bill is to have an immediate task in regard to

our trade relations with foreign countries. At least, toward the end of July the President said when circumstances justify it he will direct the commission to inquire into trade relations between the United States and foreign countries, including the conditions, causes, and effects of competition by foreign industries with American industries.

Financing foreign trade has had its place. National banks which have capital and surplus of a million dollars or more may not only open branches of their own in foreign countries, but they may invest as much as ten per cent of their capital and surplus in the stock of special corporations organized to do a banking

business abroad, thus in effect establishing joint foreign agencies for promotion of American commerce.

Express sanction from Congress for cooperation upon American business men in their export trade now seems possible before Congress adjourns. A bill which is under discussion will place cooperation of this kind under supervision of the Federal Trade Commission, prevent untoward results in interstate commerce, and give other American exporters means for protecting themselves from unfairness on the part of cooperative groups.

The post-war period is not contemplated in this year's legislation solely from the point of view of economic conditions. The navy bill, in the midst of its appropriations for vessels of war, authorized the President to invite the governments of the world to a conference, after the close of the European war, for the purpose of setting up a court of arbitration that will end any necessity for recourse to arms and for the purpose of endeavoring to unite upon a plan for disarmament.

The shipping bill is to become law. Although its provisions for an investment of fifty million dollars in ocean steamships have been advocated as means for developing an adequate merchant marine available to American export trade they will become law at a time when vessels command exceedingly high prices and ship yards around the world are occupied with contracts which they cannot complete within two years.

In the absence of an indication of the vessels that will be used under the plan of the bill, except such as can be spared by the Panama Railroad Company and the War and Navy Departments, it seems likely that the regulatory features of the bill will have the more immediate application. The Shipping Board's powers of regulation extend not only to rates charged by lines on the high seas and the Great Lakes, but also to the sale of American-owned vessels to foreign interests, the methods of competition that are used, and combinations and pools, the latter being declared legal notwithstanding the Sherman Act in the event the Board sanctions them.

Duties of investigation the Board may take up early in its history. It is to inquire into the relative advantages and disadvantages of American vessels in foreign trade, discrimination by foreign countries against American vessels, marine insurance, American laws encouraging mortgage loans on vessel property, and the navigation laws of the United States.

Transportation by rail has likewise had attention. To study the whole subject of federal regulation a Congressional joint committee was created in July, to report in six months. The time within which railways may continue to deal with banks, supply houses, etc., with which they have directors in common has been extended for six months, to April 15, 1917. After being before Congress for a number of years a bill which makes certain the federal law regarding bills of lading, and enhances the usefulness of these documents for financing shipment of crops and other merchandise, has become law. Moreover, shippers of valuable goods by freight or express who desire to get low transportation rates in return for a release to the transportation company from liability for the entire value are again given a possibility of returning to their former procedure.

Railway mail pay—the basis on which the railways are compensated by the Post Office Department for carrying the mails—has long been a vexed subject. At the end of July the whole matter was left to the Interstate Commerce Commission, on the theory that the body fixing the rates which other shippers pay should likewise determine the basis for compensation and the rates the government should pay for transportation of the mails.

Commercial banking early in the session was a subject of recommendations from the Federal Reserve Board. The interlocking of bank directors prohibited after October 15 by the Clayton Act was liberalized, under supervision of the Reserve Board. Subsequently, national banks were not only authorized to co-operate in maintaining joint foreign branches as indicated above, but were given power to accept bills of exchange based upon domestic transactions in merchandise and secured by shipping documents or warehouse receipts and those situated in small towns were allowed to act as insurance agents. Proposals to permit national banks to have domestic branches were omitted from the bill as it became law.

Agricultural finance was for a time in 1913 an obstacle that delayed enactment of the Federal Reserve Act. Promises were then made that a separate bill would be framed.

Upon one branch of the subject, long-time loans secured on agricultural lands, a bill has now become law in the Farm Loan Act of July 17. Regarding the other branch, short-time loans based upon personal credit, new legislation at present seems unlikely.

The Farm Loan Board has been appointed and is now holding hearings for

THE REVENUE BILL

FOREIGN RELATIONS

THE TARIFF COMMISSION

FINANCING FOREIGN TRADE

EXPORT TRADE COOPERATION

THE POST-WAR PERIOD

THE SHIPPING BILL

THE RAILWAYS

COMMERCIAL BANKING

FARM LOANS

the purpose of deciding upon the districts into which it is to divide the country. Presumably the Board will not announce its decision regarding districts until well toward December 1. It will then have to proceed with organization of twelve Federal Land Banks, allowing subscription books to remain open to the public for thirty days. Operation of the system will scarcely begin much before spring. It appears, however, that the Treasury Department expects the land banks to be in a position before next July to ask for government deposits amounting to six million dollars, and to be ready to furnish necessary collateral in farm loan bonds or other securities.

The legal test of this rural-credits law, according to its critics, will probably come in connection with the section which exempts from all taxation, local and national, the mortgages that borrowers give as security, and the bonds which are based upon them. Although both mortgages and bonds are declared instrumentalities of the United States Government, the contention may be that they do not actually have such a character, and consequently cannot be withdrawn from taxation in the States.

Marketing farm products, according to the expectations of the Department of

Agriculture, will be expedited by two important riders placed upon an appropriation bill. The United States Warehouse Act, the title given to one rider, is permissive, allowing any warehouseman who complies with conditions to obtain a federal license, and thus put himself into a position to issue for cotton, wool, grain, tobacco, or flaxseed receipts which are meant to be available to an increased degree as security for loans.

The Grain Standards Act, the second rider, is obligatory. It requires the Secretary of Agriculture to establish standards for grain, and stipulates that when ninety days have elapsed after the promulgation of a standard interstate and foreign shipments by grade must conform to the standard and be inspected by a person licensed under federal authority. Shipment by sample, however, will still be possible.

Good roads to be built partly or wholly with federal appropriations have for several years been advocated in numerous bills.

GOOD ROADS A bill became law on

July 11, providing for federal aid to the States in construction of rural post roads. The federal appropriation this year is five million dollars. It will increase to twenty-five million in 1920-21, amounting in all to seventy-five million, with an additional ten million distributed over ten years for roads and trails in national forests. For

the present year funds have been apportioned, and in August state road officials met at Washington to discuss administration of the law.

The legislation of the session makes provision for investment of something like thirty-five million GOVERNMENT dollars in manufacturing ENTERPRISES enterprises. The Navy Department is to build or purchase a plant for making armor plate, having eleven million dollars for the purpose. It is likewise to have an establishment for making projectiles, to cost a million and a half. For construction of works which through use of hydro-electric power will produce from the air the nitrates which are essential in powder-making, and which now come from Chile, an expenditure of twenty millions is authorized, the money to be obtained from sale of United States bonds. The present facilities of the Government for making powder, too, are to be enlarged, at a cost not exceeding half a million dollars. In December a commission of naval officers is to report regarding the desirability of more navy yards, submarine and aviation bases, and duplicate naval academies.

The most profitable enterprise of the Government, insurance of American vessels and their cargoes against the risks incident to war abroad, has in two years earned over two million dollars above its expenses. This activity has been extended for another year. Another

undertaking, construction of a railroad in Alaska, authorized in 1914 at a total cost of thirty-five million dollars, has progressed to such a point that shipment of the first car of coal from inland fields to tide water was announced in August. Six million two hundred thousand dollars is the amount to be spent this year upon the Alaska railroad.

Co-ordination of the industrial resources with military needs will be the

task of the Council of DEFENSE National Defense. The COUNCIL members are six cabinet officers. They are to have

an advisory committee of seven persons appointed from private life. Location of railways and highways, utilization of waterways, development of ocean transportation and domestic production of military supplies are among the subjects on which reports are to be made.

The subjects which have been mentioned do not indicate the whole range

of legislation enacted at this session. The term OTHER MEASURES of the Supreme Court has been lengthened by

a week, and there have been some amendments of the procedure in federal courts. At the end of a year articles which are made in establishments which do not follow prescribed standards in employing children will be excluded from interstate commerce. The present range of subjects may even be extended by measures passed in the last few days of the session.

National Chambers Active

CALLING attention to the federation of United States commercial organizations in the National Chamber of Commerce, the Intelligence Service conducted by the Philadelphia Commercial Museum, and other instances of co-operation here for purposes of national effectiveness in commerce and industry, the Canadian Department of Trade and Commerce has announced a convention for next month. This National Trade and Commercial Convention, as it is termed, will take for its central theme, industrial and commercial preparedness in Canada for the period following the war.

The Australian Association of Chambers of Commerce at its thirteenth annual meeting formally adopted resolutions seeking to increase immigration to Australia, declaring for compulsory technical and trade education in the schools and appointed a committee to deal with subjects relating to trade after the European war. It also advocated the extension of the use of preferential tariff within the British Empire as a means of reciprocal concessions.

The South African Chambers of Commerce, in annual session this week, have

for twenty years been active in commercial education. They have organized classes not only in stenography but also in English, Dutch, economics, banking and commercial and industrial law. Last year there were about four thousand enrolled in the classes.

A British Industries Fair will be held in London by the British Board of Trade February 26 to March 9, 1917.

In an article on Industrial Preparedness in the *Saturday Evening Post* of August 26, 1916, Herbert Quick, recently appointed to the Federal Farm Loan Board, after referring to the Chamber of Commerce of the United States of America as "coming closer to the status of a business parliament for the nation than anything we have ever had," goes on to review the referendum the Chamber took on National Defense. "This vote" says he, "showed by a majority of fifteen to one that there is no section in the country in which business men of all classes, merchants, manufacturers and financiers, are not generally in favor of a policy of preparedness. This does not mean, however, that they are for militarism. It does not mean that many of them want to make money

out of war. It means exactly the opposite. The committee on national defense that conducted this referendum consisted of fifteen men whose names and locations are significant. They are Bascom Little, chairman, Cleveland; Bion J. Arnold, Chicago; Hugh Chalmers, Detroit; D. S. Chamberlain, Des Moines; W. H. Cowles, Spokane; N. C. Emery, Providence; Louis T. Golding, St. Joseph; Matthew E. Hanna, New York; Ira N. Hollis, Worcester; Albert J. Logan, Pittsburgh; Franklin T. Miller, Newton, Mass.; J. Bernard Walker, New York;

any profits to anyone, arising out of the national danger, and in case the pressure of war is put upon us we may unitedly and universally accept sacrifices, of both property and person, for the great national necessity.'

"I want this statement to be entered on the record of American public thought and remembered by every citizen of the United States, now and forever, so that if ever in the future we should unfortunately be engaged in war and there should develop such an era of profiteering as this country and Europe have seen

which has just been announced is refreshingly free from impractical and theoretical discussion. It was evidently arranged with the idea of having the best men in the country present subjects with which they are known to have expert, first-hand knowledge.

FOUR hundred commercial organizations in Texas have formed themselves into the Texas Commercial Executives' Association and members from thirty cities got together in Houston, last month to compare notes as to what they were doing for their various communities.

The subjects discussed not only give an idea of the character of the Texas meeting, but an idea as well of the constructive work commercial organization secretaries are doing everywhere. They were: Developing the genius of a community; locating industrials; general economic administration of a commercial organization; financing commercial organizations; the organization and the small city; the secretary, his qualifications and equipment; membership council plan; the city beautiful; conducting road campaigns; trade extension; retail trade development; internal industrial development; the city survey; industrial, municipal and civic statistics and surveys; bringing in immigrants; the banker, the farmer and the secretary; the secretary in rural development work; rural co-operation and organization; marketing and production; subsidized dairying; town factions; entertainment of conventions.

The Houston Chamber of Commerce, under the personal direction of its secretary, Mr. Adolph Boldt, gave the delegates a trip down the Houston Ship Canal, the building of which has made Houston a seaport. The trip terminated at the San Jacinto battlefield where General Santa Anna surrendered what was left of 6,000 men to an unimpaired 600 under the command of Gen. Sam Houston. Texas is very proud of that.

Fred T. Wood of Abilene was elected president; E. N. Farris, of Corpus Christi, secretary, N. E. Surratt, of Sherman, treasurer, and Adolph Boldt, of Houston and J. R. Babcock of Dallas, executive committeemen.

The following resolution among others was passed:

"We congratulate the Chamber of Commerce of the United States of America on the advanced work that it is doing for the country as a whole and urge membership therein by all the commercial clubs of Texas."

LEGISLATURES for nine states which had sessions in 1916, enacted four thousand new laws—if the small bills of local importance as well as those of general significance are counted.



© Schlueter

The San Jacinto battlefield where the Texas commercial executives met last month. General Sam Houston and General Santa Anna met here once and as a result Texas got her liberty.

Henry A. Wise Wood, New York; R. T. Cunningham, Fairmont; and James L. Wright, New Orleans.

"This committee, in its report, set down as the first great lesson to be drawn from the world war the fact that there is no national asset—commercial, financial, social or military—that is not necessary for the common use of the nation under pressure of a great war. Please notice that expression: 'the common use of the nation.' The committee expressed the view that it is unwise and undesirable to propose any plan of national defense that will cultivate, in the minds of the people, a desire for war, or a militaristic spirit, or that will sacrifice the interests of peaceful economic development. It spoke for a program of national defense which shall be equally applicable to national prosperity and to the cultivation of a sound and patriotic citizenship; and then it made a statement which I wish to quote. It is this:

"We believe that no plan of national defense should be adopted which will permit, due to the outbreak of war,

in every war of the past, these words may be recalled as a declaration of the great business interests of the country in 1916, words in favor of a government policy of cutting the profits out of war.

"I am glad the Chamber of Commerce of the United States of America, adopted a report containing that clause; but this important body—I wish it had a shorter name—did not stop there. It is undertaking to put the business of supplying the military needs of the United States upon a nonprofit basis, and in doing so will, I believe—Congress consenting—answer the objections to a policy of preparedness from that numerous class of people who believe in preparedness and recognize the danger of a lack of it, but who prefer defenselessness against supposititious foreign enemies to what they regard as the dangers of Kruppism in the United States."

COMMERCIAL organization secretaries and others interested will meet in annual convention at Cleveland, Ohio, September 25-27. The program

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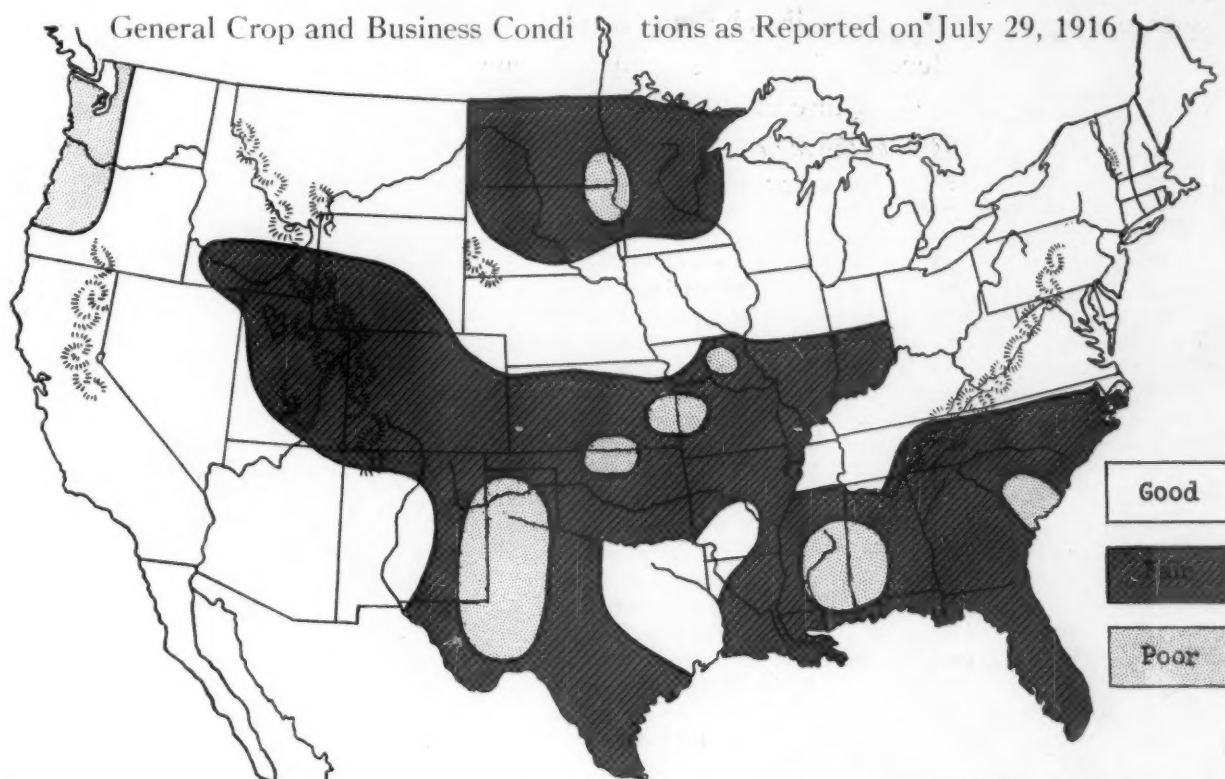
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THE keynote of the National Chamber is service to American business. One of the various forms this service takes is the issuance every six months of a General Crop and Business report accompanied by a map, prepared from careful reports of trained men in all parts of the country, by the Chamber's Committee on Statistics and Standards. Because of their established reliability these reports are eagerly sought after and widely published. With the reports of the same Committee issued from time to time on special conditions or particular crops they form a part of the regular service to the Organization and Individual Members of the National Chamber.

To the live business man intent on knowing in what parts of the country he can advantageously expand his business, extend credits, and where he should contract, these reports and maps are an invaluable guide.



The National Chamber is now composed of 809 organizations, representing 330,000 firms and individuals

FROM forge and farm and mine and bench,
Deck, altar, outpost lone,
Mill, school, battalion, counter, trench,
Rail, senate, sheepfold, throne—
Creation's cry goes up on high
From age to cheated age:
*"Send us the men who do the work
For which they draw the wage."*

Words cannot help nor wit achieve,
Nor e'en the all-gifted fool,
Who will not enter, bide, or leave
The lists he cannot rule.
Beneath the sun we count on none
Our evil to assuage
*Except the men that do the work
For which they draw the wage.*

—RUDYARD KIPLING